State of California

Federal Compliance Audit Report for the
Fiscal Year Ended June 30, 2024

December 2025

REPORT 2024-002

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Grant Parks *State Auditor*

Mike Tilden *Chief Deputy*

December 19, 2025
2024-002

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by Government Code section 8543 et seq., the California State Auditor (State Auditor) presents this audit report concerning the review of the State of California's internal controls and compliance with federal laws and regulations for the year ended June 30, 2024. The State Auditor contracted with CliftonLarsonAllen LLP (CLA) to perform this audit for fiscal year 2023–24.

This report concludes that the State did not materially comply with certain requirements for six of the 13 federal programs or clusters of programs (federal programs) CLA audited. Additionally, although CLA concluded that the State materially complied with requirements for the remaining federal programs it audited, the State continues to experience certain deficiencies in its accounting and administrative practices that affect its internal controls over compliance with federal requirements. Deficiencies in the State's internal control system could adversely affect its ability to administer federal programs in compliance with applicable requirements.

Respectfully submitted,

Linus Li

LINUS LI, CPA
Deputy State Auditor

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Governor and the Legislature
State of California

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the Schedule of Expenditures of Federal Awards of the State of California (State) for the fiscal year ended June 30, 2024, and the related notes (the Schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the State for the fiscal year ended June 30, 2024, in accordance with the cash basis of accounting as described in Note 2 to the Schedule.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the State, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 2 to the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Governor and the Legislature
State of California

Federal Awards Not Included in the Schedule

As described in Note 1 to the Schedule, the State of California's basic financial statements include the operations of the University of California system, a component unit of the State of California; the California State University system; the California State Water Resources Control Board Water Pollution Control Revolving Fund; the California State Water Resources Control Board Safe Drinking Water State Revolving Fund; and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State of California, which reported $7.3 billion, $2.4 billion, $58.1 million, $27.2 million, and $5.7 million, respectively, in federal awards, which are not included in the Schedule for the fiscal year ended June 30, 2024. Our audit, described above, did not include the federal awards of the University of California system, the California State University system, the California State Water Resources Control Board Water Pollution Control Revolving Fund, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency because these entities engaged other auditors to perform an audit in accordance with the Uniform Guidance. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for presentation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 8, 2025, on our consideration of the State's internal control over financial reporting of the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance of the Schedule, and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance of the Schedule.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sacramento, California
December 8, 2025

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governor and the Legislature
State of California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards)* issued by the Comptroller General of the United States, and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards (Uniform Guidance),* the Schedule of Expenditures of Federal Awards of the State of California (State), for the year ended June 30, 2024, and the related notes to the Schedule of Expenditures of Federal Awards (the Schedule), and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Expenditures of Federal Awards (the Schedule), we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of State of California's internal control. Accordingly, we do not express an opinion on the effectiveness of State of California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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State of California

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether State of California's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

State of California's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the State of California's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The State of California's response was not subjected to the other auditing procedures applied in the audit of the Schedule and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sacramento, California
December 8, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governor and the Legislature
State of California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of California's (State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2024. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs listed in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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Governor and the Legislature
State of California

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Certain Major Federal Programs

As described in the table below and in accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Finding Number(s)	Assistance Listing Number(s)	Federal Program Name or Cluster	Compliance Requirement(s)	State Administering Department
2024-002	16.575	Crime Victim Assistance	Reporting	Governor's Office of Emergency Services
2024-003	17.225	Unemployment Insurance	Reporting	Employment Development Department
2024-009	93.323	Epidemiology and Laboratory Capacity for Program Infectious Diseases (ELC)	Subrecipient Monitoring	California Department of Public Health
2024-013	93.044 93.045 93.053	Aging Cluster	Reporting	California Department of Aging
2024-015 **2024-016**	93.575	Child Care and Development Block Grant (CCDF)	Reporting Special Tests & Provisions	California Department of Social Services
2024-020	97.036	Disaster Grant	Reporting	Governor's Office of Emergency Services

Compliance with such requirements is necessary, in our opinion, for State of California to comply with the requirements applicable to that program.

Governor and the Legislature
State of California

Other Matter – Federal Expenditures Not included in the Compliance Audit

As described in Note 1 to the Schedule of Expenditures of Federal Awards (Schedule), the State's basic financial statements include the operations of the University of California system, a component unit of the State, the California State University system, the State Water Resources Control Board Water Pollution Control Revolving Fund, the State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State, which expended $7.3 billion, $2.4 billion, $58.1 million, $27.2 million, and $5.7 million, respectively, in federal awards which is not included in the State's schedule of expenditures of federal awards during the year ended June 30, 2024. Our compliance audit, described in the Opinion on Each Major Federal Program, does not include the operations of The University of California system, a component unit of the State, the California State University system, the State Water Resources Control Board Water Pollution Control Revolving Fund, the State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency because these entities engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Governor and the Legislature
State of California

- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the States's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-006, 2024-010, 2024-011, 2024-014, 2024-017, 2024-018 and 2024-019. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-008, 2024-009, 2024-013, 2024-015, 2024-016 and 2024-020 to be material weaknesses.

Governor and the Legislature
State of California

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004, 2024-005, 2024-006, 2024-007, 2024-010, 2024-011, 2024-012, 2024-014, 2024-017, 2024-018 and 2024-019 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Sacramento, California
December 8, 2025

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STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Issued under a separate cover. Refer to California State Auditor's 2024-001.1 report titled *State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2024.*

Schedule of Expenditures of Federal Awards (Schedule)

1. Type of report the auditor issued on whether the Schedule audited was prepared in accordance with the cash basis of accounting: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? x yes _____ no
   - Significant deficiency(ies) identified? _____ yes x no

3. Noncompliance material to the Schedule noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? x yes _____ no
   - Significant deficiency(ies) identified? x yes _____ no

2. Type of auditor's report issued on compliance for major federal programs: Refer to the tables that follow.

   Qualified Opinion

Assistance Listing Number	Federal Program Name or Cluster
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
	Aging Cluster:
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Nutrition Services Incentive Program

STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Qualified Opinion (Continued)

Assistance Listing Number	Federal Program Name or Cluster
	CCDF Cluster:
93.489	Child Care Disaster Relief
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
97.036	Disaster Grants- Public Assistance

Unmodified Opinion

Assistance Listing Number	Federal Program Name or Cluster
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds
	IDEA Cluster:
84.027	Special Education–Grants to States
84.173	Special Education–Preschool Grants
93.563	Child Support Services
93.767	Children's Health Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)
93.778	Medicare Medical Assistance Program

STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results (Continued)

Assistance Listing Number	Federal Program Name or Cluster
	R&D Cluster
10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.028	Wildlife Services
10.170	Specialty Crop Block Grant Program - Farm Bill
10.170	COVID-19 - Specialty Crop Block Grant Program - Farm Bill
10.699	Partnership Agreements
11.407	Interjurisdictional Fisheries Act of 1986
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program
11.454	Unallied Management Projects
11.472	Unallied Science Program
15.069	Zoonotic Disease Initiative
15.512	Central Valley Improvement Act, Title XXXIV
15.517	Fish and Wildlife Coordination Act
15.532	Central Valley, Trinity River Division, Trinity River Fish and Wildlife Management
15.605	Sport Fish Restoration
15.608	Fish and Aquatic Conservation - Aquatic Invasive Species
15.611	Wildlife Restoration and Basic Hunter Education and Safety
15.615	Cooperative Endangered Species Conservation Fund
15.634	State Wildlife Grants
15.657	Endangered Species Recovery Implementation
15.670	Adaptive Science
15.683	Prescott Marine Mammal Rescue Assistance
15.684	White-nose Syndrome National Response Implementation
20.200	Highway Research and Development Program
20.205	Highway Planning and Construction
20.616	National Priority Safety Programs

STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor's Results (Continued)

Federal Awards (Continued)

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____x____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number	Federal Program Name or Cluster
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
20.205	Highway Planning and Construction
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
	IDEA Cluster:
84.027	Special Education–Grants to States
84.173	Special Education–Preschool Grants
	Aging Cluster:
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Nutrition Services Incentive Program
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
	CCDF Cluster:
93.489	Child Care Disaster Relief
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.563	Child Support Services
93.767	Children's Health Insurance Program

STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor's Results (Continued)

Federal Awards (Continued)

Identification of Major Federal Programs (Continued)

Assistance Listing Number	Federal Program Name or Cluster
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
97.036	Disaster Grants- Public Assistance
	R&D Cluster
10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.028	Wildlife Services
10.170	Specialty Crop Block Grant Program - Farm Bill
10.170	COVID-19 - Specialty Crop Block Grant Program - Farm Bill
10.699	Partnership Agreements
11.407	Interjurisdictional Fisheries Act of 1986
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program
11.454	Unallied Management Projects
11.472	Unallied Science Program
15.069	Zoonotic Disease Initiative
15.512	Central Valley Improvement Act, Title XXXIV
15.517	Fish and Wildlife Coordination Act
15.532	Central Valley, Trinity River Division, Trinity River Fish and Wildlife Management
15.605	Sport Fish Restoration
15.608	Fish and Aquatic Conservation - Aquatic Invasive Species
15.611	Wildlife Restoration and Basic Hunter Education and Safety
15.615	Cooperative Endangered Species Conservation Fund
15.634	State Wildlife Grants
15.657	Endangered Species Recovery Implementation
15.670	Adaptive Science
15.683	Prescott Marine Mammal Rescue Assistance
15.684	White-nose Syndrome National Response Implementation
20.200	Highway Research and Development Program
20.205	Highway Planning and Construction
20.616	National Priority Safety Programs

STATE OF CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024

Dollar threshold used to distinguish between Type A and Type B programs:	$238,893,808		
Auditee qualified as low-risk auditee?	_____ yes	____x____	no

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FINDINGS
YEAR ENDED JUNE 30, 2024

2024-001 Preparation of the Schedule of Expenditures of Federal Awards

Criteria or specific requirement:

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart F – Audit Requirements. §200.510 Financial statements (2 CFR 200.510):

(b) Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

Condition: The State of California (State) has a decentralized financial reporting process, which requires State agencies and departments to provide specific financial information to the Department of Finance (Finance) in order to annually compile the Schedule of Expenditures of Federal Awards (Schedule). In its effort to more efficiently and accurately prepare the Schedule in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Finance developed the Single Audit Expenditures Reporting Database (Database). Finance developed the Database to include all of the relevant data fields necessary to compile and produce the Schedule. Finance also created a Single Audit Database User Manual to provide specific guidance to users for accessing and navigating through the database.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FINDINGS
YEAR ENDED JUNE 30, 2024

The California Department of Social Services (CDSS) overstated the amount passed through to subrecipients for the Child Care and Development Block Grant (ALN 93.575), a component of the Child Care and Development Fund (CCDF) Cluster, by $580,537,924 for the fiscal year ended June 30, 2024. This amount represents American Rescue Plan (ARP) Act Stabilization funds, for which awards and payments made to qualified childcare providers are considered beneficiary payments and not subrecipient pass-throughs.

Context: See “Condition.”

Cause: Management inadvertently misclassified certain payments as subrecipient awards in the system and did not perform a thorough analysis of federal guidance to confirm the proper classification of ARP Act Stabilization funds. This lack of detailed review resulted in beneficiary payments being incorrectly reported as subrecipient pass-through amounts.

Effect: The SEFA for the fiscal year ended June 30, 2024, overstates subrecipient expenditures by $580,537,924, which could lead to misleading financial reporting, improper risk assessments, and potential noncompliance with federal reporting requirements.

Recommendation: Management should strengthen controls over the classification of federal program expenditures reported on the SEFA. This includes performing a detailed analysis of federal guidance to clearly distinguish subrecipient awards from beneficiary payments, updating system configurations and coding rules to prevent misclassification, and establishing a formal review process with independent verification of classifications prior to SEFA finalization. Additionally, management should provide targeted training to staff responsible for SEFA preparation and system coding to ensure compliance with federal requirements, and document all classification decisions with supporting evidence for audit purposes.

Views of responsible officials: Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

U.S. Department of Justice

2024-002 Reporting

Federal Agency:	U.S. Department of Justice
Federal Program Title:	Crime Victim Assistance
State Administering Department:	Governor's Office of Emergency Services
ALN:	16.575
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2020V2GX0031; October 1, 2019- September 30, 2024 15POVC21GG00613ASSI; October 1, 2020- September 30, 2025 15POVC22GG00708ASSI; October 1, 2021- September 30, 2026 15POVC23GG00432ASSI; October 1, 2022- September 30, 2027
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in
compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Government-Wide Guidance for Federal Financial Assistance. Part 170 – Reporting Subaward and Executive Compensation Information. Subpart A – General.
§ 170.100 Purpose of this part
This part provides guidance to Federal agencies on establishing requirements for recipients of Federal awards to report information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by the Digital Accountability and Transparency Act of 2014 (Pub. L. 113-101) and other Public Laws, hereafter referred to as the "Transparency Act."
§ 170.105 Applicability.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

(a) Applicability in general. This part applies to a Federal agency's Federal financial assistance as defined in § 170.300. This part applies to all recipients and subrecipients of Federal awards who meet the reporting requirements of paragraph (c) of this section, unless exempt under Federal statute or by paragraph (d) of this section.

(b) Non-applicability to individuals. This part does not apply to an individual who applies for or receives Federal financial assistance as a natural person (that is, unrelated to any business or nonprofit organization an individual owns or operates).

(c) Reporting Requirements.

1) The names and total compensation of an entity's five most highly compensated executives must be reported if:
   a) In the entity's preceding fiscal year, it received:
      i) 80 percent or more of its annual gross revenue in Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
      ii) $25,000,000 or more in annual gross revenue from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
   b) The public does not have access to information about the compensation of senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

Appendix A to Part 170 — Award Term. I. Reporting Subawards and Executive Compensation (2 CFR 170):

(a)(2) *Reporting Requirements.*

(i) The recipient must report each subaward described in paragraph (a)(1) of this award term to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at http://www.fsrs.gov.
(ii) For subaward information, report no later than the end of the month following the month in which the subaward was issued.

(b)(2) *Reporting Requirements.*

(i) As part of the recipient's registration profile at https://www.sam.gov.
(ii) No later than the month following the month in which this Federal award is made, and annually after that.

Condition: Audit procedures included a review of 60 FFATA reporting submissions associated with subrecipients. During this review, we assessed compliance with federal reporting requirements and evaluated the adequacy of internal controls over the FFATA reporting process. Of the 60 subrecipients examined, the FFATA reports for 59 subrecipients were either submitted late or were not submitted at all. The audit procedures identified that while the Department had documented procedures and standard operating protocols in place, the internal controls were not sufficiently effective to ensure timely and accurate FFATA reporting. Existing procedures and monitoring practices did not fully ensure that subrecipient data was submitted in accordance with federal guidelines.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Questioned costs: None

Context: See "Condition."

Cause: Although the Department had documented policies, procedures, and assigned responsibilities for FFATA reporting, these measures were not sufficient to ensure full compliance with federal reporting requirements. The existing controls and monitoring mechanisms did not adequately support timely submission, and in some cases resulted in no submissions being made, which contributed to the instances of noncompliance identified.

Effect: The inadequate procedures and internal controls for FFATA reporting resulted in noncompliance, with 59 out of 60 subrecipients not reported as required.

Repeat Finding: This is not a repeat finding.

Recommendation: The Department should revise its process and related internal controls to ensure timely and accurate FFATA reporting. These controls should include revising established policies and procedures that outline the steps for collecting subrecipient data, preparing reports, and submitting them within required timelines; assigning accountability by designating specific personnel responsible for compliance; and implementing a monitoring and review process to verify completion and accuracy of reporting. Additionally, training programs should be established to ensure staff understand reporting requirements, and automated tracking tools or checklists should be utilized to provide transparency and reduce the risk of missed submissions. By introducing these internal controls, the Department can strengthen its compliance framework, mitigate the risk of federal funding repercussions, and enhance overall operational integrity.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

U.S. Department of Labor

2024-003 Reporting

Federal Agency:	U.S. Department of Labor
Federal Program Title:	Unemployment Insurance
State Administering Department:	California Employment Development Department
ALN:	17.225
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	UI347022055A6; April 1, 2020 - June 30, 2025 UI356372155A6; October 1, 2020 - December 31, 2023 UI372122255A6; October 1, 2021 - December 31, 2024 UI393112355A6; October 1, 2022 - December 31, 2025 24A55UI000061; October 1, 2023 - December 31, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Audit procedures included a review of 54 Form 9130 reports for administrative expenses and noted that none of the reports agreed to the Administrative Fund (870) general ledger. The total variance observed was $126,353,070. The audit procedures also identified a lack of effective internal controls to ensure timely and accurate reporting, as there were no documented procedures or monitoring mechanisms in place to verify that subrecipient data was submitted in accordance with federal guidelines.

Questioned costs: None

Context: See “Condition.”

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Cause: The discrepancy occurred because there is no formal reconciliation process between Form 9130 administrative expense reports and the Administrative Fund (870) general ledger. Additionally, roles and responsibilities for validating report accuracy are not clearly defined.

Effect: The lack of a reconciliation process between Form 9130 reports and the Administrative Fund (870) general ledger may lead to inaccurate reporting.

Repeat Finding: This is not a repeat finding.

Recommendation: Management should establish a formal reconciliation process to ensure that Form 9130 administrative expense reports align with the Administrative Fund (870) general ledger. This process should include assigning responsibility to a designated finance team member for performing and documenting reconciliations, implementing a monthly reconciliation schedule, and promptly investigating and resolving any variances with documented approvals. Additionally, financial reporting policies should be updated to incorporate reconciliation requirements, and staff should receive training on compliance and reconciliation procedures to strengthen internal controls and reduce the risk of reporting inaccuracies.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

2024-004 Special Tests and Provisions

Federal Agency:	U.S. Department of Labor
Federal Program Title:	Unemployment Insurance
State Administering Department:	California Employment Development Department
ALN:	17.225
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	24A55UI000061; October 1, 2023 - December 31, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 20 – Employees’ Benefits. Chapter V – Employment and Training Administration, Department of Labor. Part 614 – Extended Benefits in the Federal-State Unemployment Compensation Program.

Subpart B – Administration of Extended Benefits Program. § 614.11 Determinations of eligibility; notices to individuals (20 CFR 614.11):

(f) Application of State law.

(1) Except as indicated in paragraph (a) of this section, any provision of State law that may be applied for the recovery of overpayments or prosecution for fraud, and any provision of State law authorizing waiver of recovery of overpayments of unemployment compensation, shall be applicable to UCX.

(2) In the case of any finding of false statement of representation under the Act and paragraph (a) of this section, or prosecution for fraud under 18 U.S.C. 1919 or pursuant to paragraph (f)(1) of this section, the individual shall be disqualified or penalized in accordance with the provision of the applicable State law relating to fraud in connection with a claim for State unemployment compensation.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Condition: Audit procedures included a review of 60 beneficiary overpayments. Of the sample examined, we identified that one claimant voluntarily quit employment and did not demonstrate that the separation was necessary or that all reasonable alternatives were explored prior to quitting. Under applicable regulations, this disqualifies the claimant from receiving unemployment benefits and a penalty should have been assessed. However, no disqualification penalty was applied to the claimant's benefits. The audit procedures also identified a lack of effective internal controls to ensure timely and accurate reporting, as there were no documented procedures or monitoring mechanisms in place to verify that subrecipient data was submitted in accordance with federal guidelines.

Questioned costs: None

Context: See "Condition."

Cause: Procedures to ensure that all applicable penalties and assessments are applied were not sufficiently detailed or comprehensive to guarantee consistent enforcement of program requirements.

Effect: The lack of established procedures and internal controls overpayment penalties resulted in noncompliance, with one out of 60 overpayments lacking appropriate penalties.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the Department implement and strengthen internal controls over the application of penalties. This includes enhancing current procedures to outline the steps for reviewing claimant eligibility and applying disqualification penalties.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

U.S. Department of Transportation

2024 – 005 Matching

Federal Agency:	U.S. Department of Transportation
Federal Program Title:	Highway Planning and Construction
State Administering Department:	California Department of Transportation
ALN:	20.205
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	S036118; 2024
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Transportation (Caltrans) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The process for establishing funding priorities in the financial system lacks sufficient controls to ensure accurate application of required federal and state match percentages. During testing, we noted that when a new funding priority was created, the state match requirement was not properly carried forward, resulting in the federal share being incorrectly set at 100%.

Questioned costs: None

Context: See "Condition."

Cause: The error occurred due to insufficient validation procedures and system checks during the setup of new funding priorities.

Effect: Failure to meet matching requirements may result in a reduction in federal funding. Furthermore, failure to calculate, review, and approve final matching expenditures may lead to noncompliance with the terms of the grant and questioned costs.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management strengthen internal controls over funding priority setup by implementing system validations and requiring independent review to confirm that federal and state match percentages are accurately applied before finalizing funding configurations.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

2024 – 006 Subrecipient Monitoring

Federal Agency:	U.S. Department of Transportation
Federal Program Title:	Highway Planning and Construction
State Administering Department:	California Department of Transportation
ALN:	20.205
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	Various
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Transportation (Caltrans) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organi zations of the Treadway Commission (COSO).

Per 2 CFR section 200.332(a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward and if any of these data elements change, include the changes in the subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes identification of the (xiii) Identification of whether the Federal award is for research and development.

Condition: Audit procedures included a review of a sample of subrecipient contracts for required information with the following results noted.

For 60 of 60 samples, the contract did not include Subrecipients identification of whether the Federal award is for research and development.

Questioned costs: None

Context: See "Condition."

Cause: Current internal controls in place to ensure a review of subaward agreements is taking place to verify that all required elements are included per 2 CFR 200 §200.332 are not being done correctly.

Effect: Providing incomplete information to subrecipients may result in inaccurate reporting by the subrecipients and ultimately by Caltrans.

Repeat Finding: This was reported in the previous year as finding 2023-006.

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Recommendation: We recommend management enhance existing controls around the review of all subaward agreements to ensure that all pass-through agreements include each of the required elements by 2 CFR §200.332.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

U.S. Department of Treasury

2024-007 Reporting

Federal Agency:	U.S. Department of the Treasury
Federal Program Title:	Coronavirus State and Local Fiscal Recovery Funds
State Administering Department:	California Department of Technology State Water Resources Control Board
ALN:	21.027
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	SFRFP3211 March 3, 2021 – December 31, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR section 200.303(a), California Department of Technology (CDT) and State Water Resources Control Board (SWRCB) must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The California Department of Finance (CDOF) is the prime recipient of federal funds awarded from the Department of Treasury for this program. Each quarter, CDOF requires all state agencies that received pass-through awards to report their obligations and expenditures through a dedicated portal. These reported amounts are then compiled into the Statewide Project and Expenditure Report, which CDOF submits to the Department of the Treasury. The reconcilers include key line items with critical information as follows:

- Current period obligations
- Cumulative obligations
- Current period expenditures
- Cumulative expenditures

Condition: Audit procedures included testing of two quarters of the Project and Expenditure Report for each Department that were submitted for expenditures for the fiscal year. During our testing, we noted the following:

- There was no evidence of review and approval of the reported amounts prior to submission to the Department of Finance at CDT for both quarters reviewed.
- There was no evidence of review and approval of the reported amounts prior to submission to CDOF for quarter two ending December 2023 for SWRCB

STATE OF CALIFORNIA
SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Questioned costs: None

Context: See "Condition."

Cause: Due to the fact that reported amounts were reviewed and verbally approved, management was unable to provide documentation that would support the review and approval of the reports. During the reporting period, SWRCB used an informal, verbal process to approve report amounts prior to submission in the CDOF portal.

Effect: Improperly designed internal controls over reporting may result in a misstatement of amounts reported on federal reports. In addition, failure to maintain adequate documentation pertinent to a federal award may result in noncompliance with grant terms and conditions.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend CDT and SWRCB establish document retention processes to ensure access to documentation for review in the event of management turnover.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

U.S. Department of Health and Human Services

2024-008 Procurement and Suspension and Debarment

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Epidemiology and Laboratory Capacity for Program Infectious Diseases (ELC)
State Administering Department:	California Department of Public Health
ALN:	93.323
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	NU50CK000539; August 1, 2019 – July 31, 2027
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Government-Wide Guidance for Grants and Agreements. Part 180 – OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Non-procurement). Subpart C – Responsibilities of Participants Regarding Transactions Doing Business With Other Persons §180.300 (2 CFR 180.300):

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You may do this by:
(a) Checking SAM Exclusions; or
(b) Collecting a certification from that person; or
(c) Adding a clause or a condition to the covered transactions with that person.

STATE OF CALIFORNIA
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Condition: We noted that 25 out of the 32 vendor contract agreements reviewed did not include a suspension and debarment certification clause indicating the contractor was not suspended or debarred from participation in federally funded contracts. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering into the covered transactions. Based on the subsequent review of the System for Award Management (SAM) exclusions, these contractors were not suspended or debarred.

Questioned costs: None

Context: See "Condition."

Cause: The ELC program personnel responsible for administering these federal funds were unaware of the suspension and debarment requirements.

Effect: Failure to verify suspension and debarment results in noncompliance with 2 CFR §180.300, as well as a risk that federal funds could be used to pay vendors that are suspended or debarred.

Repeat Finding: This was reported in the previous year as finding 2023-008.

Recommendation: Public Health should review and strengthen its procedures for verifying the suspension and debarment status of vendors before entering into any agreement involving federal funds and ensure that the verification documentation is maintained. Alternatively, incorporate a clause in vendor contracts requiring vendors to certify their suspension or debarment status.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

2024-009 Subrecipient Monitoring

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Epidemiology and Laboratory Capacity for Program Infectious Diseases (ELC)
State Administering Department:	California Department of Public Health
ALN:	93.323
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	NU50CK000539; August 1, 2019 – July 31, 2027
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Per 2 CFR section 200.303(a), the Department must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. §200.332 Requirements for pass-through entities (2 CFR 200.332):

All pass-through entities must:

(a) Verify that the subrecipient is not excluded or disqualified in accordance with §180.300. Verification methods are provided in §180.300, which include confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds.

(b) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

1) Federal award identification.
   a) Subrecipient name (which must match the name associated with its unique entity identifier);
   b) Subrecipient's unique entity identifier;
   c) Federal Award Identification Number (FAIN);

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d) Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;
e) Subaward Period of Performance Start and End Date;
f) Subaward Budget Period Start and End Date;
g) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

h) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
i) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
j) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
k) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
l) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
m) Identification of whether the award is R&D; and
n) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414.

(c) Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraphs (f) of this section. When evaluating a subrecipient's risk, a passthrough entity should consider the following:
1) The subrecipient's prior experience with the same or similar subawards:
2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with Subpart F and the extent to which the same or similar subawards have been audited as a major program;
3) Whether the subrecipient has new personnel or new or substantially changed systems; and
4) The extent and results of Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).

Condition: Public Health established a formal risk assessment process over its subrecipients of federal awards by which to determine the frequency and extent of subrecipient monitoring to be performed, however the process was established after the period under audit and applied prospectively. In addition, Public Health used a Department Allocation Letter (DAL) for the COVID-19 program instead of an agreement or contract for the subaward to subrecipients. Certain required information for the subaward federal award information such as Assistance Listings number and Title and Federal Award Identification Number (FAIN) were not clearly identified in the DAL. Department's the internal controls were not sufficiently effective to ensure that the subaward agreements included all required information.

Questioned costs: None

Context: See "Condition."

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Cause: Procedures to ensure that all relevant information is included in the grant agreements and risk assessments are performed were not in place at the time of the agreements which resulted in the oversight**.** The existing controls and process was not robust enough to ensure that that all the required elements were in the subaward agreements, which contributed to the instances of noncompliance identified.

Effect: By not properly evaluating the risk of noncompliance, Public Health may inadvertently award grant funds to subrecipients who lack the necessary mechanisms or understanding to comply with federal statutes. This increases the likelihood of noncompliance arising during the performance of the grant-funded activities. Furthermore, failure to provide the necessary documentation to subrecipients may result in misuse or misreporting of funding.

Repeat Finding: This was reported in the previous year as finding 2023-009.

Recommendation: Public Health should ensure every subaward includes all requirements imposed on the subrecipient so that the federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the federal award.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024 – 010 Activities allowed and unallowed

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Children's Health Insurance Program (CHIP)
State Administering Department:	California Department of Health Care Services
ALN:	93.767
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2205CA5021, 2305CA3002, 2405CA5021 October 1, 2021- September 30, 2023, October 1, 2022- September 30, 2024, October 1, 2023- September 30, 2025
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Health Care Services (CDHCS) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Audit procedures included a review of 40 CHIP beneficiaries associated with current eligible participants. Of the 40 participants, we identified one beneficiary coded erroneously to an obsolete aid code. Although participation appears to meet the criteria for eligibility, the aid code is used in the determination of the rates paid and therefore payments for this participant were paid at an incorrect rate.

Questioned costs: $15,524,158 (known costs $332.64)

Context: See "Condition."

Cause: The exceptions noted were due to a lack of system interface issue between CalSAWS and MEDS for aid codes that have been discontinued and a subsequent review was not completed.

Effect: Failure to properly terminate benefits in the eligibility system resulted in individuals receiving improper benefit payments and noncompliance with grant award terms and conditions.

Repeat Finding: This was reported in the previous year as finding 2023-015.

Recommendation: CDHCS should enforce existing application processing procedures to ensure all applications are reviewed and an eligibility determination is made within the required timeline. Additionally, CDHCS should conduct periodic reviews of aid code usage to ensure obsolete codes are not being applied.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024 – 011 Eligibility

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Medicaid Cluster
State Administering Department:	California Department of Health Care Services
ALN:	93.775, 93.777, 93.778
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2305CA5MAP, 2305CA5ADM, 2405CA5MAP, 2405CA5ADM July 1, 2023 – September 30, 2023, October 1, 2023 – June 30, 2024
Statistically Valid Sample:	No, and not intended to be a statistically valid sample.
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Health Care Services (CDHCS) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per 42 CFR 435.912, state Medicaid agencies must establish and adhere to timeliness and performance standards for determining and redetermining eligibility. These standards are intended to ensure that eligibility decisions are made promptly and accurately, and that benefits are not continued beyond the period of eligibility.

Condition: Audit procedures included a review of 60 Medicaid beneficiaries associated with current eligible participants. Of the 60 participants, we identified two beneficiaries for which were considered eligible based on a pregnancy aid code, however the participants were no longer pregnant at the time of testing.

Questioned costs: None.

Context: See "Condition."

Cause: The exceptions noted were due to a system interface issue between CalSAWS and MEDS. The termination of Medicaid benefits was not properly registered in MEDS after the case was closed in CalSAWS for failure to complete the annual redetermination.

Effect: Failure to properly terminate benefits in the eligibility system may result in individuals receiving improper benefit payments and noncompliance with grant award terms and conditions.

Repeat Finding: This is not a repeat finding.

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Recommendation: CDHCS should enhance its procedures for monitoring and resolving MEDS alerts, ensuring timely review and action on system-generated discrepancies. Additionally, staff should receive ongoing training on the importance of accurately updating pregnancy end dates in CalSAWS to ensure proper aid code closure and prevent inappropriate continuation of benefits.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024 – 012 Special Tests and Provisions – Provider Health and Safety Standards

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Medicaid Cluster
State Administering Department:	California Department of Public Health
ALN:	93.775, 93.777, 93.778
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2205CA5021, 2305CA3002, 2405CA5021 October 1, 2021- September 30, 2023, October 1, 2022- September 30, 2024, October 1, 2023- September 30, 2025
Statistically Valid Sample:	No, and not intended to be a statistically valid sample.
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Public Health (CDPH) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our audit procedures, we reviewed 60 CMS Form 1539 documents related to provider recertification under the Medicaid program. We identified that three forms were not reviewed or signed by Public Health, indicating a breakdown in internal control processes.

Questioned costs: None.

Context: See "Condition."

Cause: Public Health did not review these forms because the surveys were conducted by Accrediting Organizations. However, CMS Form 1539 must still be completed and reviewed for all recertified providers, regardless of the agency conducting the survey.

Effect: Failure to review CMS Form 1539 may result in noncompliance with federal grant provisions and oversight of provider eligibility for Medicaid participation.

Repeat Finding: This was reported in the previous year as finding 2023-016.

Recommendation: Public Health should strengthen internal controls to ensure that CMS Form 1539 is reviewed and signed for all provider recertifications, including those surveyed by Accrediting Organizations.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024-013 Reporting

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Aging Cluster
State Administering Department:	California Department of Aging
ALN:	93.044, 93.045, 93.053
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2301CAOACM/2301CAOAHD/2301CAOANS/ 2301CAOASS; October 1, 2022- September 30, 2024 2401CAOACM/2401CAOAHD/2401CAOANS/ 2401CAOAS ;October 1, 2023- September 30, 2025
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Government-Wide Guidance for Federal Financial Assistance. Part 170 – Reporting Subaward and Executive Compensation Information. Subpart A – General.
§ 170.100 Purpose of this part
This part provides guidance to Federal agencies on establishing requirements for recipients of Federal awards to report information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by the Digital Accountability and Transparency Act of 2014 (Pub. L. 113-101) and other Public Laws, hereafter referred to as the “Transparency Act.”
§ 170.105 Applicability.

(a) Applicability in general. This part applies to a Federal agency’s Federal financial assistance as defined in § 170.300. This part applies to all recipients and subrecipients of Federal awards who meet the reporting requirements of paragraph (c) of this section, unless exempt under Federal statute or by paragraph (d) of this section.

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(b) Non-applicability to individuals. This part does not apply to an individual who applies for or receives Federal financial assistance as a natural person (that is, unrelated to any business or nonprofit organization an individual owns or operates).

(c) Reporting Requirements.

1) The names and total compensation of an entity's five most highly compensated executives must be reported if:
   a) In the entity's preceding fiscal year, it received:
      i) 80 percent or more of its annual gross revenue in Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
      ii) $25,000,000 or more in annual gross revenue from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
   b) The public does not have access to information about the compensation of senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

Appendix A to Part 170 — Award Term. I. Reporting Subawards and Executive Compensation (2 CFR 170):

(a)(2) *Reporting Requirements.*

(i) The recipient must report each subaward described in paragraph (a)(1) of this award term to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at http://www.fsrs.gov.
(ii) For subaward information, report no later than the end of the month following the month in which the subaward was issued.

(b)(2) *Reporting Requirements.*

(i) As part of the recipient's registration profile at https://www.sam.gov.
(ii) No later than the month following the month in which this Federal award is made, and annually after that.

Condition: Audit procedures included a review of 60 FFATA reporting submissions associated with subrecipients. During this review, we assessed compliance with federal reporting requirements and evaluated the adequacy of internal controls over the FFATA reporting process. Of the 60 subrecipients examined, we identified that FFATA reporting was not performed for 60 subrecipients. The audit procedures also identified a lack of effective internal controls to ensure timely and accurate reporting, as there were no documented procedures or monitoring mechanisms in place to verify that subrecipient data was submitted in accordance with federal guidelines.

Questioned costs: None

Context: See "Condition."

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Cause: Procedures to perform the required FFATA reporting were not established by the Department. The absence of documented policies, assigned responsibilities, and monitoring mechanisms create an environment which may result in noncompliance with federal reporting.

Effect: The lack of established procedures and internal controls for FFATA reporting resulted in noncompliance, with 60 out of 60 subrecipients not reported as required.

Repeat Finding: This is not a repeat finding.

Recommendation: The Department should refine its process and related internal controls to ensure timely and accurate FFATA reporting. These controls should include developing written policies and procedures that outline the steps for collecting subrecipient data, preparing reports, and submitting them within required timelines; assigning accountability by designating specific personnel responsible for compliance; and implementing a monitoring and review process to verify completion and accuracy of reporting. Additionally, training programs should be established to ensure staff understand reporting requirements, and automated tracking tools or checklists should be utilized to provide transparency and reduce the risk of missed submissions. By introducing these internal controls, the Department can strengthen its compliance framework, mitigate the risk of federal funding repercussions, and enhance overall operational integrity.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024-014 Reporting

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Child Care and Development Block Grant
State Administering Department:	California Department of Social Services
ALN:	93.575
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2334CACCDD/2334CACCDF/2334CACCDM; October 1, 2022 – September 30, 2025 2434CACCDD/2434CACCDF/2434CACCDM; October 1, 2023 – September 30, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Government-Wide Guidance for Federal Financial Assistance. Part 170 – Reporting Subaward and Executive Compensation Information. Subpart A – General.
§ 170.100 Purpose of this part
This part provides guidance to Federal agencies on establishing requirements for recipients of Federal awards to report information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by the Digital Accountability and Transparency Act of 2014 (Pub. L. 113-101) and other Public Laws, hereafter referred to as the “Transparency Act.”
§ 170.105 Applicability.

(a) Applicability in general. This part applies to a Federal agency’s Federal financial assistance as defined in § 170.300. This part applies to all recipients and subrecipients of Federal awards who meet the reporting requirements of paragraph (c) of this section, unless exempt under Federal statute or by paragraph (d) of this section.

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(b) Non-applicability to individuals. This part does not apply to an individual who applies for or receives Federal financial assistance as a natural person (that is, unrelated to any business or nonprofit organization an individual owns or operates).

(c) Reporting Requirements.

2) The names and total compensation of an entity's five most highly compensated executives must be reported if:
   a) In the entity's preceding fiscal year, it received:
      i) 80 percent or more of its annual gross revenue in Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
      ii) $25,000,000 or more in annual gross revenue from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
   b) The public does not have access to information about the compensation of senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

Appendix A to Part 170 — Award Term. I. Reporting Subawards and Executive Compensation (2 CFR 170):

(a)(2) *Reporting Requirements.*

(i) The recipient must report each subaward described in paragraph (a)(1) of this award term to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at http://www.fsrs.gov.
(ii) For subaward information, report no later than the end of the month following the month in which the subaward was issued.

(b)(2) *Reporting Requirements.*

(i) As part of the recipient's registration profile at https://www.sam.gov.
(ii) No later than the month following the month in which this Federal award is made, and annually after that.

Condition: CDSS did not submit its Federal Funding Accountability and Transparency Act (FFATA) reports timely for the fiscal years ended June 30, 2024

Questioned costs: None

Context: See "Condition."

Cause: CDSS has had turnover in positions responsible for filing the required FFATA reports. In addition, when CDSS assumed responsibilities over the CCDF Cluster, this function and responsibility was not clearly identified.

Effect: CDSS is not in compliance with 2 CFR Part 170.

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Repeat Finding: This was reported in the previous year as finding 2023-010.

Recommendation: We recommend that CDSS compile a report tracking process and identify all fiscal and compliance reports to be submitted with clear position responsibilities and workflow to ensure reports include accurate information and are timely prepared. CDSS should have a centralized tracking mechanism and assign and document a responsible position instead of a responsible individual person, which will reduce the risk of reports not being filed if turnover occurs.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024-015 Reporting

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Child Care and Development Block Grant
State Administering Department:	California Department of Social Services
ALN:	93.575
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2001CACCC3; March 27, 2020- September 30, 2023 2101CACCC5; December 27, 2020 – September 30, 2023 2101CACDC6l October 1, 2020 – September 30, 2024 2101CACSC6; October 1, 2020 –September 30, 2023 2234CACCDD/2234CACCDF/2234CACCD; October 1, 2021 –September 30, 2024 2334CACCDD/2334CACCDF/2334CACCDM; October 1, 2022 –September 30, 2025 2434CACCDD/2434CACCDF/2434CACCDM; ; October 1, 2023 –September 30, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 45 – Public Welfare. Subtitle A – Department of Health and Human Services.
Subchapter A – General Administration. Part 98 – Child Care and Development Fund.
Subpart G – Financial Management. § 98.65 Audits and financial reporting. (45 CFR 98.65)

(d) Lead Agencies shall submit financial reports, in a manner specified by ACF, quarterly for each fiscal year until funds are expended OMB #0970-0510 – Instructions for Completion of Form ACF-696 Financial Reporting Form for the Child Care and Development Fund (CCDF) State & Territory Lead Agencies Pursuant to CCDF regulations at 45 CFR 98.65(g), and as part of the terms and conditions of the grant award, States and Territories are required to complete and submit a quarterly financial status report (ACF-696) in accordance with these instructions on behalf of the CCDF Lead Agency.

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Condition: For the fiscal year ended June 30, 2024, $2,864,939,555 was reported on the schedule of expenditures of federal awards (Schedule) for the CCDF Cluster; however, CDSS is unable to reconcile the ACF-696 reports submitted to the amount reported on the Schedule. The Schedule is $366,953,250 greater than the cumulative quarterly reports which totaled $2,497,986,305 for the fiscal year ended June 30, 2024. The audit procedures also identified a lack of effective internal controls to ensure timely and accurate reporting.

Questioned costs: None

Context: See "Condition."

Cause: The expenditures tracked and recorded by CDSS and CDE are reported together on the ACF-696 quarterly reports. CDSS, the department responsible for filing the reports for the fiscal year ended June 30, 2024, cannot identify the expenditures at the department level and therefore is unable to reconcile the discrepancy.

Effect: CCDF Cluster expenditures were not accurately reported in the quarterly ACF-696 reports submitted.

Repeat Finding: This was reported in the previous year as finding 2023-011.

Recommendation: We recommend that CDSS review its procedures for capturing and reporting quarterly information in the AC-696 reports to ensure information is complete and accurate and maintain documentation supporting the amounts reported. Furthermore, we recommend that CDSS perform a year-end reconciliation of the ACF-696 reports to the amount reported in the Schedule and enhance internal control procedures related to the review of the reports.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024-016 Special Tests and Provisions – Health and Safety Regulations

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Child Care and Development Block Grant
State Administering Department:	California Department of Social Services
ALN:	93.575
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2334CACCDD/2334CACCDF/2334CACCDM; October 1, 2022 –September 30, 2025 2434CACCDD/2434CACCDF/2434CACCDM; October 1, 2023—September 30, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 42 – Public Welfare. Subtitle A – Department of Health and Human Services. Subchapter A – General Administration. Part 98 – Child Care and Development Fund. Subpart E – Program Operations (Child Care Services)—Lead Agency and Provider Requirements. §98.41 Health and safety requirements:

(a) Each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect the health and safety of children. Such requirements must be applicable to child care providers of services for which assistance is provided under this part. Such requirements, which are subject to monitoring pursuant to §98.42, shall:

(1) Include health and safety topics consisting of, at a minimum:
    (i) The prevention and control of infectious diseases (including immunizations); with respect to immunizations, [et. al.]
    (ii) Prevention of sudden infant death syndrome and use of safe sleeping practices;

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(iii) Administration of medication, consistent with standards for parental consent;
(iv) Prevention and response to emergencies due to food and allergic reactions;
(v) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;
(vi) Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment;

(vii) Emergency preparedness and response planning for emergencies resulting from a natural disaster, or a man-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195a(a)(1)) that shall include procedures for evacuation, relocation, shelter-in-place and lock down, staff and volunteer emergency preparedness training and practice drills, communication and reunification with families, continuity of operations, and accommodation of infants and toddlers, children with disabilities, and children with chronic medical conditions;
(viii) Handling and storage of hazardous materials and the appropriate disposal of biocontaminants;
(ix) Appropriate precautions in transporting children, if applicable;
(x) Pediatric first aid and cardiopulmonary resuscitation;
(xi) Recognition and reporting of child abuse and neglect, in accordance with the requirement in paragraph (e) of this section; and
(xii) May include requirements relating to:
1. Nutrition (including age-appropriate feeding);
2. Access to physical activity;
3. Caring for children with special needs; or
4. Any other subject area determined by the Lead Agency to be necessary to promote child development or to protect children's health and safety.

2) Include minimum health and safety training on the topics above, as described in §98.44.

Condition: The CDSS has not established health and safety monitoring procedures to ensure licensed-exempt providers serving children who receive subsidies comply with all applicable health and safety requirements. Accordingly, no monitoring procedures were performed on licensed-exempt providers during the fiscal year ended June 30, 2024.

Questioned costs: None

Context: See "Condition."

Cause: Although CDSS is in process of developing a health and safety monitoring process for licensed-exempt contractors, finalization and implementation is subject to statutory and budget actions which delay the process.

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Effect: The CDSS is not in compliance with 45 CFR §98.41.

Repeat Finding: This was reported in the previous year as finding 2023-014.

Recommendation: We recommend CDSS complete its development and implementation of a monitoring process over the health and safety standards and develop a mechanism to identify and track all contracts requiring health and safety compliance monitoring.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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2024-017 Subrecipient Monitoring

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Child Care and Development Block Grant
State Administering Department:	California Department of Social Services
ALN:	93.575
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	2334CACCDD/2334CACCDF/2334CACCDM; October 1, 2022 –September 30, 2025 2434CACCDD/2434CACCDF/2434CACCDM; October 1, 2023—September 30, 2026
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Subrecipient Monitoring and Management. §200.332 Requirements for pass-through
entities (2 CFR 200.332):

A pass-through entity must:

(c) Evaluate each subrecipient’s fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient’s risk, a passthrough entity should consider the following:
  (1) The subrecipient’s prior experience with the same or similar subawards;
  (2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;

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(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).

(e) Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a pass-through entity must:
(1) Review financial and performance reports.
(2) Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.
(3) Issue a management decision for audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521.
(4) Resolve audit findings specifically related to the subaward. However, the pass-through entity is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant agency for audit or oversight agency for audit to perform audit follow-up and make management decisions related to crosscutting audit findings in accordance with section §200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

California Code of Regulations. Title 5 Education. § 18023. Compliance Reviews of Contractors. (b) At least once every three (3) years and as resources permit, the California Department of Education shall conduct reviews at the contractor's office(s) and operating facility(ies) to determine the contractor's compliance with applicable laws, regulations or contractual provisions.

Child Care and Development Fund (CCDF) Plan for State/Territory California FFY 2022-24, Amendment 4. Chapter 8 Ensure Grantee Program Integrity and Accountability. 8.1 Internal Controls and Accountability Measures to Help Ensure Program Integrity. 8.1.1 Process to train about CCDF requirements and program integrity.

States and territories are required to describe effective internal controls that are in place to ensure program integrity and accountability (98.68(a)), including processes to train child care providers and staff of the Lead Agency and other agencies engaged in the administration of CCDF about program requirements and integrity.

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v. Monitor and assess policy implementation on an ongoing basis.
The Lead Agency conducts announced Categorical Program Monitoring (CPM)/Contract Monitoring Reviews (CMRs) for each contractor on a three- or four-year cycle for non-LEAs and LEAs respectively. The Lead Agency's Governance and Administration Unit (GAU) conducts ongoing review of individual contractors by sampling the eligibility and need documentation in family files to estimate and reduce error rates. Additionally, the Lead Agency provides ongoing training and technical assistance to contractors in regional sessions, in one-on-one sessions, and/or in cluster with webinars or during face to-face presentations. These sessions address CCDF program administration, requirements, and integrity

Condition: We selected 60 subrecipient contracts (21 local educational agency (LEA) contracts and 39 non-LEA contracts) from 60 subrecipient entities and tested compliance with subrecipient monitoring requirements. We noted the following:

LEA

- 2 LEA contracts/contractors had no record of on-site monitoring over five years.

Non-LEA

- 3 non-LEA contracts/contractors had no records available to demonstrate risk assessment of the contractor.
- 11 non-LEA contracts/contractors had no record of on-site monitoring over five years.

Questioned costs: None

Context: See "Condition."

Cause: In fiscal year 2021, the administration of the CCDF Cluster program was transitioned from the California Department of Education (CDE) to CDSS. CDSS has been in the process of revising certain policies and procedures, including contractor monitoring. In addition, certain records related to CDE monitoring activities for the contracts selected were unavailable for review.

Effect: CDSS is at risk for contractor noncompliance if monitoring procedures are not properly designed or executed, and/or documents demonstrating monitoring are not maintained.

Repeat Finding: This was reported in the previous year as finding 2023-012.

Recommendation: To enhance the effectiveness of the annual risk assessment process, we recommend a thorough evaluation that focuses on the identification and inclusion of all subrecipients and defined risk criteria as mandated in 2 CFR 200.332. Furthermore, it is crucial to establish and document a transparent basis for risk profiling that directly correlates such profiles with compliance monitoring activities across fiscal, program, and single audit requirements.

Furthermore, we recommend CDSS perform a comprehensive post-transition review to ensure all monitoring responsibilities transferred from CDE have been fully identified and assigned. This review should validate robust mechanisms are in place for the accurate documentation and proper retention of records.

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Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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U. S. Department of Commerce

2024 – 018 Subrecipient Monitoring

Federal Agency:	U.S. Department of Commerce
Federal Program Title:	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program- Research and Development (R&D)
State Administering Departments:	California Department of Fish and Wildlife
ALN:	11.438
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program- R&D NA19NMF4380208, NA20NMF4380247, NA21NMF4380459, NA22NMF4380208 September 1, 2019 – August 31, 2024, September 1, 2020 – August 31, 2025, September 1, 2021 – August 31, 2026, September 1, 2022 – August 31, 2027
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Per 2 CFR 200.303(a), California Department of Fish and Wildlife (CDFW) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per 2 CFR section 200.332(a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward and if any of these data elements change, include the changes in the subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes identification of the (xii) Assistance Listing Number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings number at time of disbursement. (xiii) Identification of whether the award is R&D.

Per 2 CFR §200.332(f), pass-through entities must verify that subrecipients expected to be audited as required by Subpart F have met this requirement. This verification may be performed as part of the monitoring required under §200.332(d)(2), which includes ensuring subrecipients take timely and appropriate action on deficiencies detected through audits.

Condition: Audit procedures included a review of a sample of subrecipient contracts for required information with the following results noted.

For 10 of 10 samples, the contract did not include neither the Assistance Listing Number nor the identification of whether the award is R&D.

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Furthermore, the agency did not perform required monitoring to verify that subrecipients subject to the Single Audit requirement (2 CFR Part 200, Subpart F) completed their audits and addressed any findings. Specifically, the agency did not obtain or review subrecipient audit reports for the fiscal year under audit.

Questioned costs: None.

Context: See "Condition."

Cause: Current internal controls in place to ensure a review of subaward agreements is taking place to verify that all required elements are included per 2 CFR 200 §200.332 are not being done correctly. The agency lacked formal procedures and internal controls to ensure timely collection and review of subrecipient audit reports. CDFW was not performing requirements to document verification of audit completion and corrective actions.

Effect: Providing incomplete information to subrecipients may result in inaccurate reporting by the subrecipients and ultimately by CDFW. Without proper monitoring, the agency cannot ensure that subrecipients comply with federal audit requirements or that corrective actions are taken on identified deficiencies. This increases the risk of noncompliance and potential misuse of federal funds.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management enhance existing controls around the review of all subaward agreements to ensure that all pass-through agreements include each of the required elements of 2 CFR §200.332.

We recommend that management establish and implement comprehensive procedures to ensure compliance with subrecipient monitoring requirements. These procedures should include identifying which subrecipients are subject to Single Audit requirements, obtaining and reviewing their audit reports on an annual basis, documenting verification of compliance, and ensuring timely follow-up on any corrective actions related to audit findings.

Views of responsible officials: Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

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U. S. Department of Commerce & U.S. Department of Transportation

2024 – 019 Period of Performance

Federal Agency:	U.S. Department of Commerce U.S. Department of Transportation
Federal Program Title:	Research and Development
State Administering Departments:	California Department of Fish and Wildlife California Department of Transportation
ALN:	11.438, 15.611, 20.205
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program- R&D NA18NMF4380269 - September 1, 2018 – August 31, 2023 Wildlife Restoration and Basic Hunter Education and Safety- R&D F23AF03320-00 -July 1, 2023 – June 30, 2024 Highway Planning- R&D 693JJ22330000Y560CA0010300 - July 1, 2023 – June 30, 2024
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or specific requirement: Per 2 CFR 200.303(a), the State Administering Departments must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: For awards with period of performance beginning dates and ending dates during the fiscal year, audit procedures included testing transactions posted to the general ledger during the first and last month of the award. We noted the following instances of noncompliance:

Pacific Coast Salmon Recovery Pacific Salmon Treaty Program- R&D
Audit procedures included testing 5 sampled transactions from projects with period of performance ending dates during the fiscal year totaling $122,346. One of the expenditures, totaling $18,915, was related to costs incurred after the period of performance end date. The Project Period End Date for the grant award was August 31, 2023, however costs were incurred through September 30, 2023.

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Wildlife Restoration and Basic Hunter Education and Safety- R&D
Audit procedures included testing 40 sampled transactions from projects with period of performance ending dates during the fiscal year totaling $540,319. One of the expenditures, totaling $2,784, was related to costs incurred after the period of performance end date. The Project Period End Date for the grant award was June 30, 2024, however costs were incurred on July 11, 2024.

Highway Planning- R&D
Audit procedures included testing 3 sampled transactions from projects with period of performance beginning dates during the fiscal year totaling $5,089. One of the expenditures, totaling $107, was related to costs incurred prior to the period of performance begin date. The Project Period Start Date for the grant award was July 1, 2023, however costs were incurred on June 8, 2023.

Questioned costs: $21,806

Context: See “Condition.”

Cause: Management failed to code the expenditure to the correct grant.

Effect: Ineffective internal controls may result in questioned costs and noncompliance with the terms of the grant.

Repeat Finding: This is not a repeat finding.

Recommendation: The Departments should provide additional training over their review processes to ensure that reviewers are verifying that transactions are posted to the proper grant.

Views of responsible officials: Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.

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Federal Emergency Management Agency

2024-020 Reporting

Federal Agency:	Federal Emergency Management Agency
Federal Program Title:	Disaster Grants- Public Assistance
State Administering Department:	Governor's Office of Emergency Services
ALN:	97.036
Pass-Through Agency:	N/A
Pass-Through Number(s):	N/A
Award Number and Period:	4482DRCAP00000001; January 20, 2020—September 30, 2025 4569DRCAP00000001; August 22, 2020—September 30, 2025 4683DRCAP00000001; December 27, 2022—September 30, 2025 4699DRCAP00000001; April 3, 2023—September 30, 2025
Statistically Valid Sample:	No, and not intended to be a statistically valid sample
Type of Finding:	Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or specific requirement: Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter II – Office of Management and Budget Guidance. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D – Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:
(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Government-Wide Guidance for Federal Financial Assistance. Part 170 – Reporting Subaward and Executive Compensation Information. Subpart A – General.
§ 170.100 Purpose of this part
This part provides guidance to Federal agencies on establishing requirements for recipients of Federal awards to report information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by the Digital Accountability and Transparency Act of 2014 (Pub. L. 113-101) and other Public Laws, hereafter referred to as the "Transparency Act."
§ 170.105 Applicability.

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(a) Applicability in general. This part applies to a Federal agency's Federal financial assistance as defined in § 170.300. This part applies to all recipients and subrecipients of Federal awards who meet the reporting requirements of paragraph (c) of this section, unless exempt under Federal statute or by paragraph (d) of this section.

(b) Non-applicability to individuals. This part does not apply to an individual who applies for or receives Federal financial assistance as a natural person (that is, unrelated to any business or nonprofit organization an individual owns or operates).

(c) Reporting Requirements.

1) The names and total compensation of an entity's five most highly compensated executives must be reported if:
   a) In the entity's preceding fiscal year, it received:
      i) 80 percent or more of its annual gross revenue in Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
      ii) $25,000,000 or more in annual gross revenue from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act, as defined at §170.300; and
   b) The public does not have access to information about the compensation of senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

Appendix A to Part 170 — Award Term. I. Reporting Subawards and Executive Compensation (2 CFR 170):

(a)(2) *Reporting Requirements.*

(i) The recipient must report each subaward described in paragraph (a)(1) of this award term to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at http://www.fsrs.gov.
(ii) For subaward information, report no later than the end of the month following the month in which the subaward was issued.

(b)(2) *Reporting Requirements.*

(i) As part of the recipient's registration profile at https://www.sam.gov.
(ii) No later than the month following the month in which this Federal award is made, and annually after that.

Condition: Audit procedures included a review of 60 FFATA reporting submissions associated with subrecipients. During this review, we assessed compliance with federal reporting requirements and evaluated the adequacy of internal controls over the FFATA reporting process. Of the 60 subrecipients examined, we identified that FFATA reporting was not performed for 18 subrecipients. The audit procedures identified that while the Department had documented procedures and standard operating protocols in place, the internal controls were not sufficiently effective to ensure timely and accurate FFATA reporting. Existing procedures and monitoring practices did not fully ensure that subrecipient data was submitted in accordance with federal guidelines.

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Questioned costs: None

Context: See “Condition.”

Cause: Although the Department had documented policies, procedures, and assigned responsibilities for FFATA reporting, these measures were not sufficient to ensure full compliance with federal reporting requirements. The existing controls and monitoring mechanisms did not adequately support timely submission, and in some cases resulted in no submissions being made, which contributed to the instances of noncompliance identified.

Effect: The inadequate procedures and internal controls for FFATA reporting resulted in noncompliance, with 18 out of 60 subrecipients not reported as required.

Repeat Finding: This is not a repeat finding.

Recommendation: The Department should revise its process and related internal controls to ensure timely and accurate FFATA reporting. These controls should include revising established policies and procedures that outline the steps for collecting subrecipient data, preparing reports, and submitting them within required timelines; assigning accountability by designating specific personnel responsible for compliance; and implementing a monitoring and review process to verify completion and accuracy of reporting. Additionally, training programs should be established to ensure staff understand reporting requirements, and automated tracking tools or checklists should be utilized to provide transparency and reduce the risk of missed submissions. By introducing these internal controls, the Department can strengthen its compliance framework, mitigate the risk of federal funding repercussions, and enhance overall operational integrity.

Views of responsible officials: Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.

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Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Agriculture				
Agricultural Research Basic and Applied Research	10.001		$ 15,991	$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025		71,542,194	20,142,857
Inspection Grading and Standardization	10.162		87,386	-
Market Protection and Promotion	10.163		3,232,645	-
Specialty Crop Block Grant Program - Farm Bill	10.170		24,330,157	22,307,138
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170		8,707,156	8,511,072
Total Specialty Crop Block Grant Program - Farm Bill			33,037,313	30,818,210
Organic Certification Cost Share Programs	10.171		1,689,505	-
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178		(2)	-
Local Food for Schools Cooperative Agreement Program	10.185		18,457,091	18,457,091
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient	10.187		2,712,721	2,712,721
COVID-19 - Resilient Food System Infrastructure Program	10.190		480,644	-
Gus Schumacher Nutrition Incentive Program	10.331		4,946,022	4,724,497
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		110,642	-
Food Safety Cooperative Agreements	10.479		174,781	-
COVID-19 - Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		52,808	52,808
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and	10.537		205,814	-
Child Nutrition-Technology Innovation Grant	10.541		176,328	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		1,133,321,170	295,616,963
Child and Adult Care Food Program	10.558		40,959,131	40,959,131
COVID-19 - Child and Adult Care Food Program	10.558		(2,565)	(2,565)
Total Child and Adult Care Food Program			40,956,566	40,956,566
State Administrative Expenses for Child Nutrition	10.560		38,897,413	42,500
WIC Farmers' Market Nutrition Program (FMNP)	10.572		2,539,592	148,892
Team Nutrition Grants	10.574		(8,697)	(8,697)
Senior Farmers Market Nutrition Program	10.576		1,842,459	-
COVID-19 - Senior Farmers Market Nutrition Program	10.576		326,452	-
Total Senior Farmers Market Nutrition Program			2,168,911	-
WIC Grants To States (WGS)	10.578		86,863	86,863
Child Nutrition Discretionary Grants Limited Availability	10.579		2,996,676	2,996,676
Farm to School State Formula Grant	10.645		192,079	-
Summer Electronic Benefit Transfer Program for Children	10.646		138,090,618	137,896,684
Pandemic EBT Administrative Costs	10.649		(11,628)	(11,628)
COVID-19 - Pandemic EBT Administrative Costs	10.649		53,361,642	18,750,356
Total Pandemic EBT Administrative Costs			53,350,014	18,738,728
Cooperative Forestry Assistance	10.664		11,105,232	3,220,796
Wood Utilization Assistance	10.674		7,073	-
Urban and Community Forestry Program	10.675		1,162,844	690,976
Forest Legacy Program	10.676		1,045,308	1,042,000
Forest Stewardship Program	10.678		72,431	65,233
Forest Health Protection	10.680		89,447	26,386
Good Neighbor Authority	10.691		2,632,554	2,081,202
Watershed Restoration and Enhancement Agreement Authority	10.693		127,504	-
State & Private Forestry Cooperative Fire Assistance	10.698		1,627,545	1,047,837
Partnership Agreements	10.699		(38,405)	-
Inflation Reduction Act Urban & Community Forestry Program	10.727		211,666	-
Environmental Quality Incentives Program	10.912		276,196	37,372
Total Excluding Clusters			**1,567,832,483**	**581,595,161**
Child Nutrition Cluster				
School Breakfast Program	10.553		640,052,106	640,052,106
National School Lunch Program	10.555		2,356,182,725	2,353,415,050
COVID-19 - National School Lunch Program	10.555		301,475,767	301,475,767
National School Lunch Program (Noncash)	10.555		210,498,347	-
Total National School Lunch Program			2,868,156,839	2,654,890,817
Special Milk Program for Children	10.556		97,309	97,309
Summer Food Service Program for Children	10.559		14,191,802	12,521,896
Fresh Fruit and Vegetable Program	10.582		14,969,404	14,969,404
Total Child Nutrition Cluster			**3,537,467,460**	**3,322,531,532**

See accompanying notes to Schedule of Expenditures of Federal Awards.

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Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Agriculture (Continued)				
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565		$ 10,398,587	$ 10,268,560
Commodity Supplemental Food Program (Noncash)	10.565		38,843,613	-
Total Commodity Supplemental Food Program			49,242,200	10,268,560
Emergency Food Assistance Program (Administrative Costs)	10.568		22,367,482	21,707,952
Emergency Food Assistance Program (Food Commodities) (Noncash)	10.569		283,823,230	-
Total Food Distribution Cluster			**355,432,912**	**31,976,512**
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665		33,720,305	33,720,305
Total Forest Service Schools and Roads Cluster			**33,720,305**	**33,720,305**
Research and Development Cluster				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		780,926	780,926
Wildlife Services	10.028		38,769	-
Specialty Crop Block Grant Program - Farm Bill	10.170		13,208,999	12,945,522
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170		2,696,062	2,373,434
Total Specialty Crop Block Grant Program - Farm Bill			15,905,061	15,318,956
Partnership Agreements	10.699		307	
Total Research and Development Cluster			**16,725,063**	**16,099,882**
SNAP Cluster				
Supplemental Nutrition Assistance Program (Noncash)	10.551		11,988,104,270	-
COVID-19 - Supplemental Nutrition Assistance Program (Noncash)	10.551		405,068,958	-
Total Supplemental Nutrition Assistance Program			12,393,173,228	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		1,403,333,466	1,272,975,194
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		29,479,844	17,865,358
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			1,432,813,310	1,290,840,552
Total SNAP Cluster			**13,825,986,538**	**1,290,840,552**
Total U.S. Department of Agriculture			**19,337,164,761**	**5,276,763,944**
U.S. Department of Commerce				
State Digital Equity Planning and Capacity Grant	11.032		3,399,413	-
Broadband Equity, Access, and Deployment Program	11.035		883,026	-
Coastal Zone Management Administration Awards	11.419		2,673,757	-
Coastal Zone Management Estuarine Research Reserves	11.420		1,588,570	1,157,775
Regional Fishery Management Councils	11.441		76,037	-
Unallied Management Projects	11.454		851,660	-
Meteorologic and Hydrologic Modernization Development	11.467		835,012	-
Office for Coastal Management	11.473		12,991	-
Marine Debris Program	11.U01		169	-
Total Excluding Clusters			**10,320,635**	**1,157,775**
Economic Development Cluster				
Economic Adjustment Assistance	11.307		709,146	-
Total Economic Development Cluster			**709,146**	**-**
Research and Development Cluster				
Interjurisdictional Fisheries Act of 1986	11.407		2,852	-
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438		14,276,097	11,039,899
Unallied Management Projects	11.454		444,805	229,482
Unallied Science Program	11.472		784,054	-
Total Research and Development Cluster			**15,507,808**	**11,269,381**
Total U.S. Department of Commerce			**26,537,589**	**12,427,156**

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Defense				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military	12.003		$ 237,017	$ -
STARBASE Program	12.020		1,850,607	-
Payments to States in Lieu of Real Estate Taxes	12.112		151,195	151,195
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		19,270,500	-
Basic and Applied Scientific Research	12.300		18,916	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401		105,578,959	-
National Guard Challenge Program	12.404		25,996,582	-
Community Investment	12.600		885,764	765,309
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		124,144	75,113
Economic Adjustment Assistance for State Governments	12.617		891,845	649,906
Air Force Defense Research Sciences Program	12.800		(5,843)	-
Other - U.S. Department of Defense	12.U02		1,311,123	-
Total Excluding Clusters			**156,310,809**	**1,641,523**
Total U.S. Department of Defense			**156,310,809**	**1,641,523**
U.S. Department of Housing and Urban Development				
Manufactured Housing	14.171		206,390	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		133,851,726	89,299,821
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in	14.228		28,036,187	27,599,967
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			161,887,913	116,899,788
Emergency Solutions Grant Program	14.231		9,972,322	9,231,932
COVID-19 - Emergency Solutions Grant Program	14.231		44,391,740	38,192,846
Total Emergency Solutions Grant Program			54,364,062	47,424,778
Home Investment Partnerships Program	14.239		15,690,080	7,925,766
Housing Opportunities for Persons with AIDS	14.241		3,480,756	3,377,152
Housing Trust Fund	14.275		62,933,995	57,488,594
Equal Opportunity in Housing	14.400		3,090,698	-
Lead Hazard Reduction Demonstration Grant Program	14.905		562,746	412,877
Total Excluding Clusters			**302,216,640**	**233,528,955**
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster				
National Disaster Resilience Competition	14.272		11,504,189	11,481,035
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			**11,504,189**	**11,481,035**
Total U.S. Department of Housing and Urban Development			**313,720,829**	**245,009,990**
U.S. Department of the Interior				
Energy Community Revitalization Program (ECRP)	15.018		14,339,233	-
Earth Mapping Resources Initiative	15.073		116,489	-
Invasive and Noxious Plant Management	15.230		4,785	-
Southern Nevada Public Land Management	15.235		154,368	-
Environmental Quality and Protection	15.236		191,814	-
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427		1,299,765	-
Geothermal Resources	15.434		4,556,726	4,556,726
Minerals Leasing Act	15.437		39,588,450	39,588,450
National Forest Acquired Lands	15.438		30	30
Central Valley Improvement Act, Title XXXIV	15.512		1,597,278	-
Fish and Wildlife Coordination Act	15.517		4,047,050	17,529
Recreation Resources Management	15.524		1,627,608	-
San Joaquin River Restoration	15.555		982,177	32,286
SECURE Water Act – Research Agreements	15.560		651,341	-
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608		23,163	-
Coastal Wetlands Planning, Protection and Restoration	15.614		2,787,737	2,787,737
Cooperative Endangered Species Conservation Fund	15.615		11,297,056	-
Clean Vessel Act	15.616		1,584,899	648,038
Sportfishing and Boating Safety Act	15.622		15,075	15,075
Coastal	15.630		45,633	-
State Wildlife Grants	15.634		70,720	-
Central Valley Project Improvement Act (CVPIA)	15.648		2,478,162	-
Endangered Species Recovery Implementation	15.657		5,149	-
U.S. Geological Survey Research and Data Collection	15.808		31,102	-
National Cooperative Geologic Mapping	15.810		729,092	-
National Geological and Geophysical Data Preservation	15.814		17,634	-
Historic Preservation Fund Grants-In-Aid	15.904		1,529,682	156,185
Outdoor Recreation Acquisition, Development and Planning	15.916		8,363,728	7,837,605
Redwood National Park Cooperative Management with the State of California	15.937		221,586	-
Heritage Partnership	15.939		167,555	-
Natural Resource Stewardship	15.944		305,502	-
Other - U.S. Department of the Interior	15.U03		2,889,546	-
Total Excluding Clusters			**101,720,135**	**55,639,661**

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of the Interior (Continued)				
Fish and Wildlife Cluster				
Sport Fish Restoration	15.605		$ 975,575	$ 29,935
Wildlife Restoration and Basic Hunter Education and Safety	15.611		2,625,678	-
Enhanced Hunter Education and Safety	15.626		145,363	-
Total Fish and Wildlife Cluster			**3,746,616**	**29,935**
Research and Development Cluster				
Zoonotic Disease Initiative	15.069		2,430	-
Central Valley Improvement Act, Title XXXIV	15.512		3,849,548	-
Fish and Wildlife Coordination Act	15.517		45,812	-
Central Valley, Trinity River Division, Trinity River Fish and Wildlife Management	15.532		877,010	-
Sport Fish Restoration	15.605		13,770,981	325,275
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608		96,247	-
Wildlife Restoration and Basic Hunter Education and Safety	15.611		23,168,534	374,051
Cooperative Endangered Species Conservation Fund	15.615		3,157,663	2,463,418
State Wildlife Grants	15.634		1,964,467	429,716
Endangered Species Recovery Implementation	15.657		6,215	-
Adaptive Science	15.670		48,710	48,710
Prescott Marine Mammal Rescue Assistance	15.683		11,698	-
White-nose Syndrome National Response Implementation	15.684		11,228	-
Total Research and Development Cluster			**47,010,543**	**3,641,170**
Total U.S. Department of the Interior			**152,477,294**	**59,310,766**
U.S. Department of Justice				
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001		491,212	-
Sexual Assault Services Formula Program	16.017		1,622,021	1,622,021
Justice Systems Response to Families	16.021		53,451	53,451
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		1,409	-
Veterans Treatment Court Discretionary Grant Program	16.043		490,593	215,407
Khalid Jabara and Heather Heyer NO HATE Act	16.048		1,510,345	43,870
Services for Trafficking Victims	16.320		36,758	-
Antiterrorism Emergency Reserve	16.321		333,639	267,703
Juvenile Justice and Delinquency Prevention	16.540		3,315,290	2,814,540
National Criminal History Improvement Program (NCHIP)	16.554		1,775,987	-
Crime Victim Assistance	16.575		258,355,281	249,730,979
Crime Victim Compensation	16.576		32,205,130	-
Treatment Court Discretionary Grant Program	16.585		1,656,908	373,972
Violence Against Women Formula Grants	16.588		13,782,205	12,592,762
Residential Substance Abuse Treatment for State Prisoners	16.593		1,727,196	1,613,618
State Criminal Alien Assistance Program	16.606		137,522,360	-
Bulletproof Vest Partnership Program	16.607		1,099,366	1,099,366
Pass-Through from The Western States Information Network (BI)	16.610		865,065	-
Public Safety Partnership and Community Policing Grants	16.710		(815)	-
Special Data Collections and Statistical Studies	16.734		922,124	-
PREA Program: Strategic Support for PREA Implementation	16.735		436,312	436,312
Edward Byrne Memorial Justice Assistance Grant Program	16.738		15,309,160	14,776,445
DNA Backlog Reduction Program	16.741		4,525,078	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		2,230,824	2,069,748
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		149,602	-
Support for Adam Walsh Act Implementation Grant Program	16.750		765,020	592,041
Edward Byrne Memorial Competitive Grant Program	16.751		100,438	100,438
Harold Rogers Prescription Drug Monitoring Program	16.754		1,105,766	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816		(8,511)	-
Postconviction Testing of DNA Evidence	16.820		283,834	274,113
STOP School Violence	16.839		711,149	153,377
Other - Department of Justice	16.U04		515,907	-
Total Excluding Clusters			**483,890,104**	**288,830,163**
Total U.S. Department of Justice			**483,890,104**	**288,830,163**
U.S. Department of Labor				
Labor Force Statistics	17.002		7,618,551	-
Compensation and Working Conditions	17.005		827,508	-
Unemployment Insurance	17.225		7,658,892,037	-
COVID-19 - Unemployment Insurance	17.225		(2,630,850,560)	-
Total Unemployment Insurance			5,028,041,477	-
Senior Community Service Employment Program	17.235		6,082,345	5,798,908
Trade Adjustment Assistance	17.245		1,218,491	-
Workforce Data Quality Initiative (WDQI)	17.261		(41)	-
H-1B Job Training Grants	17.268		39,962	-
Reentry Employment Opportunities	17.270		294,364	-
Work Opportunity Tax Credit Program (WOTC)	17.271		3,116,114	-
Temporary Labor Certification for Foreign Workers	17.273		1,920,976	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		16,528,229	15,924,634
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280		(220,361)	-
Registered Apprenticeship	17.285		377,512	238,632
Hurricanes and Wildfires of 2017 Supplemental– National Dislocated Worker Grants	17.286		(4,389)	-
Occupational Safety and Health State Program	17.503		30,886,938	-
COVID-19 - Occupational Safety and Health State Program	17.503		(266,319)	-
Total Occupational Safety and Health State Program			30,620,619	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Labor (Continued)				
Consultation Agreements	17.504		$ 5,330,976	$ -
Mine Health and Safety Grants	17.600		120,000	-
Total Excluding Clusters			**5,101,912,333**	**21,962,174**
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207		102,041,930	2,212,634
Jobs for Veterans State Grants	17.801		15,569,153	-
Total Employment Service Cluster			**117,611,083**	**2,212,634**
WIOA Cluster				
WIOA Adult Program	17.258		109,662,122	108,064,126
WIOA Youth Activities	17.259		124,758,801	108,294,329
WIOA Dislocated Worker Formula Grants	17.278		137,801,653	119,501,389
Total WIOA Cluster			**372,222,576**	**335,859,844**
Total U.S. Department of Labor			**5,591,745,992**	**360,034,652**
U.S. Department of Transportation				
Highway Planning and Construction	20.205		4,812,020,838	1,330,335,936
COVID-19 - Highway Planning and Construction	20.205		240,954,032	39,160,403
Total Highway Planning and Construction			5,052,974,870	1,369,496,339
Highway Training and Education	20.215		5,733	-
Recreational Trails Program	20.219		2,565,201	2,403,610
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		153,715	-
ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	20.319		(282,263)	-
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	20.319		13,827,022	-
Total High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants			13,544,759	2,403,610
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		37,699,439	37,699,439
Formula Grants for Rural Areas and Tribal Transit Program	20.509		43,180,062	40,287,754
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		25,890,805	23,451,030
Total Formula Grants for Rural Areas and Tribal Transit Program			69,070,867	63,738,784
Paul S. Sarbanes Transit in the Parks	20.520		80,229	-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528		5,151,818	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		46,038,116	29,584,862
Incentive Grant Program to Prohibit Racial Profiling	20.611		58,747	38,513
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative	20.614		1,025,121	-
Pipeline Safety Program State Base Grant	20.700		11,576,758	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		1,256,627	4,305
PHMSA Pipeline Safety Underground Natural Gas Storage Grant	20.725		2,532,868	-
National Infrastructure Investments	20.933		14,044,888	-
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program	20.941		253,063	-
Total Excluding Clusters			**5,258,032,819**	**1,502,965,852**
Federal Motor Carrier Safety Assistance Cluster				
Motor Carrier Safety Assistance	20.218		28,941,338	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		1,755,392	-
Total Federal Motor Carrier Safety Assistance Cluster			**30,696,730**	**-**
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		12,813,733	11,772,197
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		369,337	369,337
Total Enhanced Mobility of Seniors and Individuals with Disabilities			13,183,070	12,141,534
Total Transit Services Programs Cluster			**13,183,070**	**12,141,534**
Federal Transit Cluster				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		6,410,919	6,410,919
Total Federal Transit Cluster			**6,410,919**	**6,410,919**
Highway Safety Cluster				
State and Community Highway Safety	20.600		38,706,529	20,217,223
National Priority Safety Programs	20.616		23,173,598	14,802,305
Total Highway Safety Cluster			**61,880,127**	**35,019,528**
Research and Development Cluster				
Highway Research and Development Program	20.200		1,524,311	-
Highway Planning and Construction	20.205		12,703,089	-
National Priority Safety Programs	20.616		84,371	-
Total Research and Development Cluster			**14,311,771**	**-**
Total U.S. Department of Transportation			**5,384,515,436**	**1,556,537,833**

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of the Treasury				
Equitable Sharing	21.016		$ 634,008	$ -
COVID-19 - Emergency Rental Assistance Program	21.023		90,335,932	3,591,896
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	21.027		1,809,893,987	792,937,839
SSBCI Formula TA Grant Program	21.031		19,983,183	-
Total Excluding Clusters			**1,920,847,110**	**796,529,735**
Total U.S. Department of the Treasury			**1,920,847,110**	**796,529,735**
Equal Employment Opportunity Commission				
Other - Equal Employment Opportunity Commission	30.U05		2,733,307	-
Total Excluding Clusters			**2,733,307**	**-**
Total Equal Employment Opportunity Commission			**2,733,307**	**-**
Federal Communications Commission				
Affordable Connectivity Outreach Grant Program	32.011		93,957	-
Total Excluding Clusters			**93,957**	**-**
Total Federal Communications Commission			**93,957**	**-**
General Services Administration				
Donation of Federal Surplus Personal Property (Noncash)	39.003		1,799,671	-
Election Reform Payments	39.011		(1,183)	-
Total Excluding Clusters			**1,798,488**	**-**
Total General Services Administration			**1,798,488**	**-**
National Endowment for the Arts				
Arts Council	45.025		1,467,748	400,000
Grants to States	45.310		13,946,201	10,240,705
Total Excluding Clusters			**15,413,949**	**10,640,705**
Total National Endowment for the Arts			**15,413,949**	**10,640,705**
Small Business Administration				
State Trade Expansion	59.061		708,525	-
Shuttered Venue Operators Grant Program	59.075		(976)	-
Total Excluding Clusters			**707,549**	**-**
Total Small Business Administration			**707,549**	**-**
U.S. Department of Veterans Affairs				
VHA Primary Care	64.047		1,552,713	-
Burial Expenses Allowance for Veterans	64.101		534,914	-
Veterans Housing Guaranteed and Insured Loans	64.114		219,947,738	-
All-Volunteer Force Educational Assistance	64.124		2,327,602	-
Total Excluding Clusters			**224,362,967**	**-**
Total U.S. Department of Veterans Affairs			**224,362,967**	**-**
Environmental Protection Agency				
Air Pollution Control Program Support	66.001		591,965	-
State and Tribal Indoor Radon Grants	66.032		43,794	43,794
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to	66.034		575,444	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040		1,203,364	1,132,752
Climate Pollution Reduction Grants	66.046		79,209	-
Geographic Programs - San Francisco Bay Water Quality Improvement Fund	66.126		427,897	427,897
Congressionally Mandated Projects	66.202		65,502	61,330
Multipurpose Grants to States and Tribes	66.204		27,541	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		13,626,929	569,676
State Public Water System Supervision	66.432		7,794,000	-
State Underground Water Source Protection	66.433		706,140	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging	66.442		3,770,000	3,770,000
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444		2,954,889	-
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447		106,676	-
Water Quality Management Planning	66.454		1,653,386	938,367
Nonpoint Source Implementation Grants	66.460		13,427,777	4,614,094
Regional Wetland Program Development Grants	66.461		275,675	137,137
Beach Monitoring and Notification Program Implementation Grants	66.472		601,461	378,228
Performance Partnership Grants	66.605		1,855,742	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		2,545	-
Pollution Prevention Grants Program	66.708		26,250	-
Hazardous Waste Management State Program Support	66.801		8,240,000	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		1,128,873	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804		172,636	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		732,822	-
State and Tribal Response Program Grants	66.817		538,990	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		55,012	-
Targeted Airshed Grant Program	66.956		7,122,196	7,082,994
Total Excluding Clusters			**67,806,715**	**19,156,269**
Total Environmental Protection Agency			**67,806,715**	**19,156,269**

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Energy				
State Energy Program	81.041		$ 11,545,457	$ -
Weatherization Assistance for Low-Income Persons	81.042		17,992,698	14,838,799
Office of Science Financial Assistance Program	81.049		22,062	-
Nuclear Legacy Cleanup Program	81.065		1,419,849	-
Fossil Energy Research and Development	81.089		123,034	-
Environmental Remediation and Waste Processing and Disposal	81.104		771,165	-
Long-Term Surveillance and Maintenance	81.136		42,755	-
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research,	81.214		30,890	-
Sustainable Energy for Homes and Business	81.U06		31,570	-
Total Excluding Clusters			**31,979,480**	**14,838,799**
Total U.S. Department of Energy			**31,979,480**	**14,838,799**
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		112,994,378	104,374,208
Title I Grants to Local Educational Agencies	84.010		1,965,244,556	1,946,528,798
Migrant Education State Grant Program	84.011		93,417,423	87,366,982
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		831,861	795,887
Career and Technical Education -- Basic Grants to States	84.048		141,350,172	128,604,340
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		421,592,941	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		4,147,681	3,778,281
Special Education-Grants for Infants and Families	84.181		50,190,455	-
COVID-19 - Special Education-Grants for Infants and Families	84.181		11,719,687	-
Total Special Education-Grants for Infants and Families			61,910,142	-
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National	84.184		23,800	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		3,034,315	-
Education for Homeless Children and Youth	84.196		8,228,764	7,059,215
Charter Schools	84.282		6,334,177	5,749,698
Twenty-First Century Community Learning Centers	84.287		137,648,548	134,269,554
Special Education - State Personnel Development	84.323		1,432,826	1,432,826
Rural Education	84.358		5,877,218	5,554,094
English Language Acquisition State Grants	84.365		179,161,826	174,936,942
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		246,466,343	240,536,266
Grants for State Assessments and Related Activities	84.369		34,408,004	25,663,027
Comprehensive Literacy Development	84.371		11,899,060	11,543,068
Disability Innovation Fund (DIF)	84.421		10,218,507	-
Student Support and Academic Enrichment Program	84.424		258,773,177	256,583,647
Education Stabilization Fund				
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C		32,304,487	32,304,487
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		680,686,276	680,686,276
COVID-19 - Discretionary Grants: Reimagining Workforce Preparation Grants	84.425G		2,292,047	-
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency	84.425R		(62,902)	(62,902)
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP	84.425U		4,966,225,366	4,960,680,601
COVID-19 - American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V		53,556,481	53,282,273
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless	84.425W		23,519,802	23,126,616
Total Education Stabilization Fund			5,758,521,557	5,750,017,351
Total Excluding Clusters			**9,463,517,276**	**8,884,794,184**
Special Education Cluster (IDEA)				
Special Education–Grants to States	84.027		1,577,887,198	1,523,093,714
Special Education–Preschool Grants	84.173		39,359,514	37,651,854
COVID-19 - Special Education–Preschool Grants	84.173		11,254,416	11,254,416
Total Special Education–Preschool Grants			50,613,930	48,906,270
Total Special Education Cluster (IDEA)			**1,628,501,128**	**1,571,999,984**
Total U.S. Department of Education			**11,092,018,404**	**10,456,794,168**
U.S. Election Assistance Commission				
Help America Vote Act Requirements Payments	90.401		10,354,197	-
HAVA Election Security Grants	90.404		61,082	-
Total Excluding Clusters			**10,415,279**	**-**
Total U.S. Election Assistance Commission			**10,415,279**	**-**
U.S. Department of Health and Human Services				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect,	93.041		430,406	430,406
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older	93.042		2,272,407	2,042,898
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman	93.042		331,294	296,881
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			2,603,701	2,339,779
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		2,172,709	2,172,709
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion	93.043		835,265	806,443
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			3,007,974	2,979,152
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		116,705	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)				
National Family Caregiver Support, Title III, Part E	93.052		$ 19,724,202	$ 18,665,319
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		3,120,727	3,023,222
Total National Family Caregiver Support, Title III, Part E			22,844,929	21,688,541
Public Health Emergency Preparedness	93.069		45,053,723	34,762,127
Environmental Public Health and Emergency Response	93.070		1,123,241	-
Medicare Enrollment Assistance Program	93.071		2,809,953	2,549,580
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention	93.079		81,554	-
Guardianship Assistance	93.090		101,661,142	101,661,142
COVID-19 - Guardianship Assistance	93.090		3,277,662	3,277,662
Total Guardianship Assistance			104,938,804	104,938,804
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		7,090,725	5,146,178
Food and Drug Administration Research	93.103		6,213,378	-
Maternal and Child Health Federal Consolidated Programs	93.110		100,000	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		11,806,437	6,084,692
Preventive Medicine Residency	93.117		(4,595)	-
Emergency Medical Services for Children	93.127		149,181	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care	93.130		738,182	-
Injury Prevention and Control Research and State and Community Based Programs	93.136		11,842,495	5,234,978
Projects for Assistance in Transition from Homelessness (PATH)	93.150		6,977,007	6,863,639
Grants to States for Loan Repayment	93.165		943,400	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention	93.197		334,451	-
Traumatic Brain Injury State Demonstration Grant Program	93.234		252,680	-
State Capacity Building	93.240		(3,617)	-
State Rural Health Flexibility Program	93.241		639,117	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		10,459,739	8,561,122
Immunization Cooperative Agreements	93.268		64,202,553	26,735,568
COVID-19 - Immunization Cooperative Agreements	93.268		146,778,430	112,496,963
Immunization Cooperative Agreements (Noncash)	93.268		632,607,181	-
Total Immunization Cooperative Agreements			843,588,164	139,232,531
Viral Hepatitis Prevention and Control	93.270		467,684	467,684
Pass-Through from Colorado Department of Public Health and Environment	93.283		101,280	-
Small Rural Hospital Improvement Grant Program	93.301		615,090	-
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed	93.305		1,246	-
Pass-Through from Heluna Health	93.323		352,005,842	244,301,305
State Health Insurance Assistance Program	93.324		4,091,056	3,274,878
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to	93.334		60,045	-
Behavioral Risk Factor Surveillance System	93.336		434,830	-
COVID-19 - Behavioral Risk Factor Surveillance System	93.336		11,479	-
Total Behavioral Risk Factor Surveillance System			446,309	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health	93.354		1,085,882	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response:	93.354		50,072,752	34,372,869
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			51,158,634	34,372,869
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food	93.367		83,953	-
ACL Independent Living State Grants	93.369		2,586,037	2,586,037
National and State Tobacco Control Program	93.387		3,006,558	-
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department	93.391		10,164,581	-
The National Cardiovascular Health Program	93.426		1,468,018	-
Every Student Succeeds Act/Preschool Development Grants	93.434		7,333,873	10,414
WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION	93.436		535,322	-
State Physical Activity and Nutrition (SPAN	93.439		831,578	389,794
ACL Assistive Technology	93.464		1,396,996	-
Alzheimer's Disease Program Initiative (ADPI)	93.470		150,567	150,567
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478		473,984	3,280
Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	93.497		4,623	-
COVID-19 - Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and	93.497		5,579,845	5,216,102
Total Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports			5,584,468	5,216,102
Low Income Household Water Assistance Program	93.499		45,994,361	45,438,050
COVID-19 - Low Income Household Water Assistance Program	93.499		31,006,715	28,719,625
Total Low Income Household Water Assistance Program			77,001,076	74,157,675
Pregnancy Assistance Fund Program	93.500		(34)	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556		37,727,962	34,684,854
Temporary Assistance for Needy Families	93.558		3,333,945,645	3,267,007,123
COVID-19 - Temporary Assistance for Needy Families	93.558		(20,400)	(20,400)
Total Temporary Assistance for Needy Families			3,333,925,245	3,266,986,723

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Child Support Services	93.563		$ 741,739,527	$ 571,724,917
Child Support Services Research	93.564		145,634	145,634
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		149,966,047	137,289,275
Low-Income Home Energy Assistance	93.568		329,618,473	315,951,391
COVID-19 - Low-Income Home Energy Assistance	93.568		13,156,369	13,156,453
Total Low-Income Home Energy Assistance			342,774,842	329,107,844
Community Services Block Grant	93.569		71,425,852	67,480,470
COVID-19 - Community Services Block Grant	93.569		(113)	-
Total Community Services Block Grant			71,425,739	67,480,470
U.S. Repatriation	93.579		345,857	-
Refugee and Entrant Assistance Targeted Assistance Grants	93.584		392	-
State Court Improvement Program	93.586		1,776,208	-
Community-Based Child Abuse Prevention Grants	93.590		5,634,514	5,263,841
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590		482,221	482,221
Total Community-Based Child Abuse Prevention Grants			6,116,735	5,746,062
Grants to States for Access and Visitation Programs	93.597		825,886	-
Chafee Education and Training Vouchers Program (ETV)	93.599		6,828,462	1,194,197
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599		562,242	562,242
Total Chafee Education and Training Vouchers Program (ETV)			7,390,704	1,756,439
Adoption and Legal Guardianship Incentive Payments Program	93.603		12,986,134	12,986,134
Developmental Disabilities Basic Support and Advocacy Grants	93.630		7,745,220	-
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630		103,540	-
Total Developmental Disabilities Basic Support and Advocacy Grants			7,848,760	-
Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention	93.639		70,970	70,970
Children's Justice Grants to States	93.643		1,905,498	1,710,506
Stephanie Tubbs Jones Child Welfare Services Program	93.645		24,035,445	24,035,445
Foster Care Title IV-E	93.658		1,287,652,764	1,158,690,436
COVID-19 - Foster Care Title IV-E	93.658		8,048,779	8,048,779
Total Foster Care Title IV-E			1,295,701,543	1,166,739,215
Adoption Assistance	93.659		797,336,789	794,563,289
COVID-19 - Adoption Assistance	93.659		24,792,563	24,792,563
Total Adoption Assistance			822,129,352	819,355,852
Social Services Block Grant	93.667		462,524,818	410,333,543
Child Abuse and Neglect State Grants	93.669		8,310,880	6,732,783
COVID-19 - Child Abuse and Neglect State Grants	93.669		3,187,452	3,187,452
Total Child Abuse and Neglect State Grants			11,498,332	9,920,235
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		12,413,355	11,824,515
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive	93.671		13,669,330	13,522,274
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			26,082,685	25,346,789
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		17,606,097	16,655,584
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		84,434	84,434
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			17,690,531	16,740,018
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public	93.738		459,320	380,832
COVID-19 - PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by	93.738		548,904	548,904
Total PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds			1,008,224	929,736
Elder Abuse Prevention Interventions Program	93.747		82,149	-
COVID-19 - Elder Abuse Prevention Interventions Program	93.747		9,112,099	8,799,697
Total Elder Abuse Prevention Interventions Program			9,194,248	8,799,697
Children's Health Insurance Program	93.767		4,138,331,726	-
COVID-19 - Children's Health Insurance Program	93.767		102,051,522	-
Total Children's Health Insurance Program			4,240,383,248	-
Opioid STR	93.788		105,244,013	-
Money Follows the Person Rebalancing Demonstration	93.791		33,501,487	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		56,326,523	6,341,179
COVID-19 - Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		102,473	102,473
Promoting Population Health through Increased Capacity in Alcohol Epidemiology	93.845		125,263	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870		$ 19,266,213	$ 17,214,933
COVID-19 - Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870		2,434,722	2,228,752
Total Maternal, Infant and Early Childhood Homevisiting Grant Program			21,700,935	19,443,685
National Bioterrorism Hospital Preparedness Program	93.889		22,775,057	14,493,507
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889		209,609	209,609
Total National Bioterrorism Hospital Preparedness Program			22,984,666	14,703,116
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		9,807,403	298,042
Grants to States for Operation of Offices of Rural Health	93.913		201,210	-
HIV Care Formula Grants	93.917		148,611,655	27,232,113
HIV Prevention Activities Health Department Based	93.940		31,861,239	18,298,391
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		1,166,402	338,708
Block Grants for Community Mental Health Services	93.958		108,152,494	53,877,065
COVID-19 - Block Grants for Community Mental Health Services	93.958		113,919,508	45,468,973
Total Block Grants for Community Mental Health Services			222,072,002	99,346,038
Block Grants for Prevention and Treatment of Substance Abuse	93.959		222,805,678	200,819,793
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		138,123,824	37,760,880
Total Block Grants for Prevention and Treatment of Substance Abuse			360,929,502	238,580,673
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		2,620,975	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		18,951,991	14,044,426
Mental Health Disaster Assistance and Emergency Mental Health	93.982		1,350,014	-
Cooperative Agreements for Diabetes Control Programs	93.988		419,917	-
Preventive Health and Health Services Block Grant	93.991		8,505,682	414,357
Maternal and Child Health Services Block Grant to the States	93.994		36,212,664	24,773,898
Other - Department of Health and Human Services	93.U07		25,051,494	-
Total Excluding Clusters			**14,338,669,973**	**8,081,549,591**
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		51,122,047	44,876,425
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior	93.044		11,997,546	11,441,762
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			63,119,593	56,318,187
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		81,660,203	75,969,859
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		27,991,127	27,486,775
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			109,651,330	103,456,634
Nutrition Services Incentive Program	93.053		11,000,349	11,000,349
Total Aging Cluster			**183,771,272**	**170,775,170**
CCDF Cluster				
Child Care and Development Block Grant	93.575		548,379,982	543,924,068
COVID-19 - Child Care and Development Block Grant	93.575		2,152,748,063	253,537,637
Total Child Care and Development Block Grant			2,701,128,045	797,461,705
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		417,518,016	326,514,455
Total CCDF Cluster			**3,118,646,061**	**1,123,976,160**
Head Start Cluster				
Head Start	93.600		6,567,505	4,576,381
COVID-19 - Head Start	93.600		44,970	44,970
Total Head Start			6,612,475	4,621,351
Total Head Start Cluster			**6,612,475**	**4,621,351**
Medicaid Cluster				
State Medicaid Fraud Control Units	93.775		51,921,625	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		51,325,173	9,658,821
COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)	93.777		5,869,323	3,418,030
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			57,194,496	13,076,851
Medical Assistance Program (Medicaid; Title XIX)	93.778		90,432,592,555	-
COVID-19 - Medical Assistance Program (Medicaid; Title XIX)	93.778		1,458,826,435	-
Total Medical Assistance Program (Medicaid; Title XIX)			91,891,418,990	-
Total Medicaid Cluster			**92,000,535,111**	**13,076,851**
Total U.S. Department of Health and Human Services			**109,648,234,892**	**9,393,999,123**
Corporation for National and Community Service				
AmeriCorps State Commissions Support Grant	94.003		1,754,390	-
AmeriCorps State and National	94.006		49,294,943	49,071,637
AmeriCorps Commission Investment Fund	94.008		81,651	-
Total Excluding Clusters			**51,130,984**	**49,071,637**

See accompanying notes to Schedule of Expenditures of Federal Awards.

STATE OF CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
Corporation for National and Community Service (Continued)				
Foster Grandparent/Senior Companion Cluster				
AmeriCorps Seniors Foster Grandparent Program	94.011		$ 1,090,452	$ -
Total Foster Grandparent/Senior Companion Cluster			**1,090,452**	**-**
Total Corporation for National and Community Service			**52,221,436**	**49,071,637**
Executive Office of the President				
Pass-Through from INCH/LA Police Chief's Association/Riverside County				-
High Intensity Drug Trafficking Areas Program	95.001		24,191	
High Intensity Drug Trafficking Areas Program	95.001		92,864	
Pass-Through from LA Clear/LA Police Chief's Association/City of Monrovia				-
High Intensity Drug Trafficking Areas Program	95.001		944,262	
Total High Intensity Drug Trafficking Areas Program			**1,061,317**	**-**
Total Excluding Clusters			**1,061,317**	**-**
Total Executive Office of the President			**1,061,317**	**-**
Social Security Administration				
Disability Insurance/SSI Cluster				
Social Security Disability Insurance	96.001		243,261,909	-
Total Disability Insurance/SSI Cluster			**243,261,909**	**-**
Total Social Security Administration			**243,261,909**	**-**
U.S. Department of Homeland Security				
Non-Profit Security Program	97.008		10,829,996	9,872,387
Boating Safety Financial Assistance	97.012		5,380,993	2,992,636
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		577,137	-
Flood Mitigation Assistance	97.029		1,226,221	983,534
Crisis Counseling	97.032		419,707	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		4,189,518,168	1,720,331,124
Hazard Mitigation Grant	97.039		96,417,261	77,623,741
National Dam Safety Program	97.041		249,699	-
Emergency Management Performance Grants	97.042		27,766,746	15,524,478
COVID-19 - Emergency Management Performance Grants	97.042		3,710,693	2,001,412
Total Emergency Management Performance Grants			31,477,439	17,525,890
Cooperating Technical Partners	97.045		627,349	-
Fire Management Assistance Grant	97.046		102,254,072	2,578,601
BRIC: Building Resilient Infrastructure and Communities	97.047		1,940,370	1,380,363
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		(101,691,900)	-
Emergency Operations Center	97.052		130,255	108,612
Homeland Security Grant Program	97.067		159,257,836	140,199,895
Earthquake State Assistance	97.082		628,963	472,158
Disaster Assistance Projects	97.088		7,586,935	7,336,194
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137		147,893	-
Total Excluding Clusters			**4,506,978,394**	**1,981,405,135**
Total U.S. Department of Homeland Security			**4,506,978,394**	**1,981,405,135**
Total Expenditures of Federal Awards			**$ 159,266,297,967**	**$ 30,522,991,598**

See accompanying notes to Schedule of Expenditures of Federal Awards.

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STATE OF CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the State of California (State) for the fiscal year ended June 30, 2024, except for federal awards received by the University of California system, a component unit of the State, the California State University Trust Fund, the California State Water Resources Control Board Water Pollution Control Revolving Fund, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State. While these entities' operations are included in the State's basic financial statements, these entities engaged other auditors to perform an audit in accordance with the U.S. Office of Management and Budget, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200) also referred to as the "Uniform Guidance."

As noted above, the Schedule presents only a portion of the State's operations. The Schedule is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the State.

NOTE 2 BASIS OF ACCOUNTING

The federal awards expenditures reported in the Schedule are prepared from records maintained by each state entity and reported on a cash basis. Under the cash basis of accounting, expenditures are reported when paid by the State. All expenditures for each program are net of applicable program income and refunds.

State entities' records are periodically reconciled to the federal receipts and entity expenditure reports maintained by the California State Controller's Office. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 ASSISTANCE LISTING NUMBER

The Assistance Listing Numbers(ALN) and federal program titles listed in the Schedule were obtained from the federal funding agency, the pass-through grantor, or the U.S. General Services Administration's System for Award Management (SAM).

The ALN is a five-digit number. The first two digits identify the federal funding agency, and the last three digits identify the specific federal program. If a valid three-digit ALN extension is unknown or unavailable, the letter "U" is used to indicate "unidentified" followed by a two-digit number. COVID-19 Emergency Acts expenditures are denoted by the prefix COVID-19 in the federal program title.

STATE OF CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 4 NONCASH FEDERAL AWARDS

The State is the recipient of noncash federal awards that do not result in cash receipts or disbursements. These noncash federal awards include a variety of items, such as food and nutritional purchase assistance, commodities, vaccines, or federal excess property. The noncash federal awards are valued at fair market value at the time of receipt, or the assessed value provided by the respective federal agency. Noncash awards administered by the State are included in the Schedule. Noncash awards for fiscal year ended June 30, 2024, are as follows:

Assistance Listing Number	Federal Program Title	Amount
10.551	Supplemental Nutrition Assistance Program	$ 11,988,104,270
10.551	COVID-19 Supplemental Nutrition Assistance Program	405,068,958
10.555	National School Lunch Program	210,498,347
10.565	Commodity Supplemental Food Program	38,843,613
10.569	Emergency Food Assistance Program (Food Commodities)	283,823,230
39.003	Donation of Federal Surplus Personal Property	1,799,671
93.268	Immunization Cooperative Agreements	632,607,181
	Total	$ 13,560,745,270

NOTE 5 LOANS AND LOAN GUARANTEES OUTSTANDING, AND INSURANCE IN EFFECT

Loans and loan guarantees outstanding, and insurance in effect at June 30, 2024 are summarized below.

Assistance Listing Number	Federal Program Title	Loans/Loan Guarantees Outstanding	Insurance In Effect
64.114	Veterans Housing Guaranteed and Insured Loans	$ -	$ 219,947,738
81.041	State Energy Program	455,199	-
	Total	$ 455,199	$ 219,947,738

NOTE 6 PASS-THROUGH

The State receives the majority of its federal assistance directly from federal awarding agencies. Federal awards received by the State from a pass-through entity are included in the Schedule and are italicized.

STATE OF CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 7 SUBRECIPIENTS

The State awards federal funds to other non-federal entities (subrecipients) to assist with the implementation and administration of federal programs. Subrecipients are monitored by the State to ensure federal funds are expended in accordance with authorized laws, regulations, and the provisions of contracts or grant agreements. Amounts provided to subrecipients from each federal program are included in a separate column on the Schedule.

NOTE 8 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on a cash basis as explained in Note 2.

NOTE 9 INDIRECT COST RATE

The majority of State entities claim indirect costs in accordance with a federally approved indirect cost rate plan. State entities that utilize the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance are as follows:

- Governor’s Office of Planning and Research
- California Tahoe Conservancy
- California Sierra Nevada Conservancy
- California Emergency Medical Services Authority
- California Department of Veterans Affairs
- California Delta Protection Commission
- California Coastal Commission
- California State Water Resources Control Board
- California Department of Rehabilitation

The Governor’s Office of Planning and Research, the California Tahoe Conservancy, the California Department of Veterans Affairs, the California State Water Resources Control Board, and the California Department of Rehabilitation also administer other federal programs that utilize other indirect cost rate methodologies.

STATE OF CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 10 SUBSEQUENT EVENTS

On December 18, 2024, the State signed Executive Order No. E 24/25 – 141 to transfer expenditures from Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027) to the State's General Fund. The transfer resulted in an expenditure reduction totaling $1.863 billion, which will be reported in the fiscal year 2024-25 Schedule of Expenditures of Federal Awards (SEFA). This includes $1.178 billion of expenditures reported in the 2023-24 Schedule.

Since January 20, 2025, the President has signed a number of executive orders calling into question the future availability of funding related to numerous federal programs, including those related to diversity, equity, and inclusion or funded by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. While no reductions to federal funding have been implemented as of the date of this report, future funding levels for specific programs could be affected. We will continue to monitor policy and legislative developments to assess potential impacts on funds the State received from the federal government.

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

SUMMARY SCHEDULE OF 2023 PRIOR AUDIT FINDINGS

Reference Number:	**2023-001**
State Administering Departments:	California Employment Development Department (EDD) California Department of Social Services (CDSS) California Department of Education (CDE)
Audit Finding:	Material Weakness and Material Instance of Noncompliance. EDD - Due to the unprecedented impacts from the COVID-19 pandemic and inadequate control over financial reporting, EDD was unable to timely report to the California Department of Finance through the Single Audit Expenditures Reporting Database (Database) accurate and reliable federal cash basis expenditures for its largest federal award program that it administers, the Unemployment Insurance (ALN 17.225) program. The delay resulted in Finance being unable to compile and produce a complete and final approved Schedule until May 2024. Although an initial estimated expenditure amount was reported by EDD of $5.7 billion, the final amount reported in the Schedule of Expenditures of Federal Awards (Schedule) was $5.4 billion. In addition, EDD initially did not report $250 million in federal expenditures for the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (ALN 21.027) program. EDD should continue to evaluate existing processes and controls related to its ability to properly report, and timely submit complete and accurate federal award cash basis expenditures to the Database, which affords Finance the ability to timely compile and produce a final Schedule pursuant to the Uniform Guidance. CDSS– Due to an erroneously assigned code for nine counties in the general ledger system, CDSS understated the amount passed through to subrecipients for the Temporary Assistance for Needy Families (ALN 93.558) program by $429,623,012 for the fiscal year ended June 30, 2023. This amount represents pass-through amounts to nine counties. CDSS should evaluate existing processes to ensure a correct code is assigned to the subaward entities in the general ledger system. CDSS and CDE – Due to insufficient communication regarding grant requirements to stakeholders and

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

untimely identification of subsequent grant guidance, CDSS and CDE overstated the amount passed through to subrecipients for the Child Care and Development Block Grant (ALN 93.575), a component of the Childcare and Development Fund (CCDF) Cluster, by $665,470,225 and $191,925,159, respectively, for the fiscal year ended June 30, 2023. The amount represents the American Rescue Plan Act (ARPA) Stabilization funds for which awards and payments made to qualified child care providers are considered beneficiary payments and not subrecipient pass-throughs.

CDSS should review the criteria of new grant funding to ensure grant requirements are properly identified and communicated to stakeholders so expenditures are appropriately classified on the Schedule.

Status of Corrective Action:

EDD – Partially Corrected. This finding has two items, the timeliness of submitting cash basis expenditures into the Database and EDD not initially entering $250 million for ALN 21.027 into the Database for fiscal year 2022-23.

Regarding timeliness, EDD is still experiencing a delay with being able to submit finalized cash basis expenditures into the Database. From EDD's prior response provided to this finding, EDD had anticipated being able to submit the year-end 2023-24 financial statements to the California State Controller's Office (SCO) in October 2024 with a target of being able to finalize expenditures in the Database in January 2025. EDD submitted year-end 2023-24 financial statements to SCO in October 2024 and entered estimated cash basis expenditures into the Database in October 2024. The figures initially entered the Database for fiscal year 2023-24 were considered estimated since the ineligible payments were not available at that time to be removed from the figures in the Database. The ineligible payment data was made available in May 2025 and EDD updated the Database with those figures so the 2023-24 amounts could be considered finalized in the Database.

This finding also includes a reference to not initially entering $250 million for ALN 21.027 into the Database for fiscal year 2022-23. ALN 21.027 was initially processed through the State's General Fund and then changed through subsequent legislation to be SLFRF. The modification to the original General Fund transaction was processed by non-EDD staff later in the fiscal year, causing the entry into the Database to be initially

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

missed. However, once it became known that this was an entry that was required to be entered into the Database, EDD promptly added those amounts to the fiscal year 2022-23 figures. While this funding was a one-time event and will not be required to be entered in future years, EDD has added a step during year-end processing to identify similar instances in the future.

CDSS - Fully Corrected. CDSS has implemented additional measures in developing and optimizing the Schedule report template within Excel. Specifically, CDSS has formulated the template and added an extra layer to the VLOOKUP function to extract expenditures paid for all county claims, with the objective of minimizing human error.

As of July 1, 2021, responsibility for the Child Care and Development Block Grant Program (AL 93.575) was transferred from CDE to CDSS. As such, CDSS will provide corrective action responses to this finding.
CDSS reviewed all terms and conditions for federal grants in detail and appropriately classified the grant payments. As part of CDSS's standard review process, CDSS assesses award letters to determine whether the associated ALN is new or existing. Each notice is reviewed in detail to identify any specific terms, conditions, or language that may require the award to be treated differently from others of a similar nature. To ensure a thorough understanding of the grant, CDSS also takes steps to locate and review the most current terms and conditions, which are often not included with the initial award documentation.

Reference Number:	**2023-002**
Assistance Listing Number:	10.557
State Administering Department:	California Department of Public Health (Public Health)

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Audit Finding:	Procurement and Suspension of Debarment. Due to Public Health's lack of full awareness of the suspension and debarment requirements and formal procedures to consistently document and retain related evidence, three out of the twelve vendor contract agreements reviewed did not include a suspension and debarment certification clause indicating the contractor was not suspended or debarred from participation in federally funded contracts. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering into the covered transactions. Based on the subsequent review of the System for Award Management (SAM) exclusions, these contractors were not suspended or debarred. Public Health should review and strengthen its procedures for verifying the suspension and debarment status of vendors before entering into any agreement involving federal funds and ensure that the verification documentation is maintained. Alternatively, incorporate a clause in vendor contracts requiring vendors to certify their suspension or debarment status.
Status of Corrective Action:	Fully Corrected. Public Health's Women, Infants, and Children (WIC) has strengthened its procedures for verifying the suspension and debarment status through a dual approach. First, for applicable procurements, Public Health ensures the inclusion of a certification clause under which vendors attest to their compliance with federal suspension and debarment regulations by signing the agreement. Second, for procurements where this clause is not utilized, Public Health has developed and implemented a formal procedure for conducting a search on https://sam.gov for exclusion. This procedure also requires a saved record of the vendor's status to document compliance that will be included in the contract package.

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Reference Number:	**2023-003**
Assistance Listing Number:	17.225
State Administering Department:	California Employment Development Department (EDD)
Audit Finding:	Activities Allowed or Unallowed Eligibility. In EDD's administration of the Unemployment Insurance program, $198,804,488 in benefit payments were estimated by EDD to be potentially ineligible payments and have not been reported in the Schedule. The estimate was based on data parameters to identify claimants who received benefits that matched ineligible criteria for identity or eligibility fraud due to misrepresented information. The Unemployment Insurance Branch of EDD reviews unemployment insurance claims of claimants for involuntary separation to ensure separations were for valid reasons under the Unemployment Insurance Code. Due to inadequate or untimely review performed during the adjudication process, out of 138 unemployment insurance benefit payments tested, there was

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

1 claimant receiving benefits, whose reasons for involuntary separation indicated separation was due to misconduct, which was incorrectly categorized as eligible by EDD. Known questioned costs for the one claimant identified were paid unemployment compensation of $6,975 under the Unemployment Insurance Program.

EDD should enhance its adjudication process to support proper eligibility determinations and decrease improper payments to ineligible claimants.

Status of Corrective Action:

Fully Corrected. This finding for ineffective adjudication processing for potential eligibility issues is a repeat finding for a fourth consecutive audit period. EDD was forced to suspend adjudicating eligibility issues as a direct result of the overwhelming and unprecedented unemployment claim workload caused by the pandemic.

The one claim identified for this finding was filed during the pandemic and the issue was identified at the time the claim was filed, which was prior to fiscal year 2022-23. EDD was not able to adjudicate the eligibility issue at the time the claim was filed due to the increased workload.

As reported for past audits, EDD resumed adjudicating all potential eligibility issues in January 2021 and completed the retroactive determination workload on April 30, 2023.

Reference Number:	**2023-004**
Assistance Listing Number:	17.225
State Administering Department:	California Employment Development Department (EDD)

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YEAR ENDED JUNE 30, 2024

Audit Finding:	Activities Allowed or Unallowed and Eligibility. During the fiscal year ended June 30, 2020, EDD implemented the Pandemic Unemployment Assistance (PUA) program, under the CARES Act for COVID-19 relief in unemployment compensation. Under the CARES Act, the PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. The amount of PUA payable to an unemployed or unemployed self-employed individual for a week of total unemployment shall be the weekly amount of compensation the individual would have been paid as regular compensation, as computed under the provisions of the applicable State law for a week of total unemployment. The weekly amount determination is calculated using the wages reported by the claimant. Upon receipt of a PUA claim, EDD would verify wages reported to ensure accurate weekly benefit amounts under PUA. Due to untimely performance of wage and employment verifications of the claimants and Unemployment Issuance Program Letter (UIPL) No.05-24 issued by the U.S. Department of Labor (DOL), allowing discontinuation of pursuing claims older than one year that were not a result of fraud, misrepresentation or willful nondisclosure, out of 138 PUA benefit payments tested, there were 91 claimants with verification issues (either wages, self-employment, or both). Known questioned costs for the 91 claimants were $1,708,094. EDD should ensure that proper verification procedures are in place to minimize the number of claimants with wage and/or employment verification issues. Effective and robust verification procedures should assist EDD in processing unemployment benefits only to eligible claimants.

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Status of Corrective Action:

Fully Corrected. This finding for ineffective adjudication processing for failure to perform timely wage verifications is a repeat finding for a fourth consecutive audit period. This concern is specific to the PUA program that ended September 6, 2021.

As EDD has been reporting for past audits, DOL's Employment and Training Administration (ETA) Region 6 considers this finding closed as of March 18, 2024.

On December 29, 2023, DOL issued UIPL No. 05-24, which defers to states' finality laws regarding the Coronavirus Aid, Relief, and Economic Security (CARES)Act Unemployment Insurance (UI) Programs. The DOL specified in the UIPL that DOL would no longer exercise its authority to require retroactive actions for CARES Act Unemployment Compensation programs where a state's finality law applies.

Based on DOL's guidance in UIPL No. 05-24, EDD notified DOL on February 6, 2024, that EDD was barred from resolving the wage verification and self-employment/employment verification items by California Unemployment Insurance Code (CUIC) section 1376. Section 1376 provides that EDD cannot establish overpayments more than one year after the close of the benefit year in which the overpayment was made unless the overpayment is found to be a result of fraud, misrepresentation, or willful nondisclosure. Given that there is no fraud in creating these overpayments on the part of the individuals identified in these populations, EDD is no longer able to establish overpayments for these populations.

On March 18, 2024, DOL's ETA Region 6 Regional Office notified EDD that EDD's submission of February 6, 2024, regarding how California's finality laws affect the actions required to correct the wage verification and self-employment/employment verification findings is sufficient to close these findings.

The claimants identified for this finding due to lack of wage verification and/or self-employment/employment verification are covered under the March 18, 2024, ETA-approved application of California's finality law, which prevents the establishment of non-fraud overpayments more than one year after the close of the benefits year in which the overpayment was made. Thus, DOL's ETA does not require EDD to take any further action on the wage verification and self-employment/employment verification workloads.

STATE OF CALIFORNIA
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Reference Number:	**2023-005**
Assistance Listing Number:	17.225
State Administering Department:	California Employment Development Department (EDD)
Audit Finding:	Activities Allowed or Unallowed and Eligibility. During the fiscal year ended June 30, 2023, EDD continued its administration of the Pandemic Unemployment Assistance (PUA) program, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 relief in unemployment compensation. Under the CARES Act, the PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. Claimants eligible for PUA benefits were paid additional benefits under the Federal Pandemic Unemployment Compensation program (FPUC). In EDD's administration of the PUA and FPUC programs, $90,034,050 in benefit payments were estimated to be ineligible payments and have not been reported in the Schedule. The estimate was made by the Unemployment Insurance Branch and was based on data parameters to identify claimants that received benefits that matched ineligible criteria for identity fraud or eligibility fraud for misrepresented information. Due to inadequate or untimely review of claimant, out of 138 PUA benefits payment tested, there was one benefit payment to a claimant determined to be ineligible whose identity was not sufficiently verified. Known questioned costs were $8,502 for PUA and $7,200 for FPUC. EDD should continue to strengthen controls, such as database identification crossmatches, ID.me verification, partnerships with law enforcement and Thompson Reuters, as well as system enhancements to mitigate the potential of further employment benefit fraud. Such improvements in internal controls should improve EDD's ability to timely prevent and detect unemployment benefit fraud.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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Status of Corrective Action:

Fully Corrected. As reported to the California State Auditor, since fiscal year 2020-21, EDD has implemented dozens of strict anti-fraud measures and has continued to evaluate and enhance its fraud detection. EDD has also developed internal fraud working groups and a multiagency fraud task force that reviews fraud data and fraud reports on a continual basis and recommends adjustments to filters and tools as necessary. EDD has successfully halted two large fraud scheme attempts over the previous two years and continues to work towards immediate detection and prevention of fraud attempts. EDD will continue to analyze and assess our processes to stay ahead of the ever-evolving fraud landscape.

As described, EDD implemented the following measures to address the nationwide fraud attempts perpetrated against the new emergency federal benefit programs in fiscal year 2020-21:

- Implemented additional cross-matches in September 2020 to detect multiple claims per address.
- Ceased automatically backdating PUA claims under federal rules in September 2020.
- Strengthened identity verification procedures in October 2020 by implementing ID.me.
- Implemented additional cross-matches in November 2020 against state inmate information.
- Vetted applications against law enforcement databases and other tools provided by Thomson Reuters in December 2020 to further curb identity and non-identity fraud.
- Established a 1099-G call center to help victims of identity theft deal with any tax-related questions.
- Ceased printing Social Security numbers on mailed documents to reduce identity theft risk.
- Enhanced benefit card security with Bank of America.
- Partnered with federal, state, and local law enforcement agencies to support thousands of criminal investigations, arrests, prosecutions, and convictions.

EDD has and will continue to evaluate and enhance the fraud detection/prevention tools that have been put in place.

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YEAR ENDED JUNE 30, 2024

Reference Number:	**2023-006**
Assistance Listing Number:	20.205
State Administering Department:	California Department of Transportation (Caltrans)
Audit Finding:	Subrecipient Monitoring. Caltrans did not clearly identify subaward agreements made to subrecipients as subawards and did not include all required elements for 5 of 40 subrecipients sampled. Additionally, the monitoring of the 5 of 40 sampled subrecipients was not sufficient to detect whether the subrecipients' expenditures were properly reported on the respective subrecipients' schedules of expenditures of federal awards. Caltrans should develop and implement a consistent policy and process for all divisions and district offices to use in making and monitoring subawards under the highway planning and construction program to ensure that all required subaward information is communicated to subrecipients at the time of the award and the federal funds disbursed to subrecipients are adequately monitored.
Status of Corrective Action:	Remains Uncorrected. Caltrans' Accounting Office will advise its programs to segregate coding for subrecipients based on 2 CFR 200.331. Caltrans programs will inform federal award information to agencies identified as subrecipients. Caltrans' Internal Audits Office will perform sample testing to ensure costs are properly identified as subrecipient amounts. Caltrans anticipates taking the appropriate actions by July 14, 2025. Additional steps may be required after these initial steps are taken. An updated due date will be identified and communicated appropriately.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Reference Number:	**2023-007**
Assistance Listing Number:	21.027
State Administering Department:	California Community Colleges Chancellor's Office (Chancellor's Office)
Audit Finding:	Subrecipient Monitoring. The Chancellor's Office did not assess each subrecipients' risk of potential noncompliance with the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF) subaward federal statutes, regulations, and terms and conditions, and did not adequately monitor its subrecipients (community colleges) to ensure that the community colleges complied with federal statutes, regulations, and terms and conditions of the SLFRF subaward. The SLFRF subawards included specific requirements for eligibility of students receiving SLFRF-funded emergency financial aid, which included a requirement to request eligibility certifications from students, to determine if any students that received emergency financial aid were ineligible and instructions to make necessary general ledger entries to ensure any ineligible students' financial aid was removed from the SLFRF specific funding and assigned to a nonfederal source. The Chancellor's Office did not request or inspect any documentation from the community colleges to verify that required eligibility certifications and/or necessary general ledger entries were made by the community colleges. The Chancellor's Office should develop and implement detailed subrecipient monitoring procedures, to include assessing each community college's risk of noncompliance; conducting a review of supporting documents for those community colleges identified by the risk assessment to be at risk of noncompliance as defined by the Chancellor's Office's monitoring procedures; and ensuring corrective action is taken for any deficiencies identified. Regular follow-ups and documented communication efforts should be part of this process to ensure effective oversight of the SLFRF subawards.

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Status of Corrective Action:

Fully Corrected. The Chancellor's Office reviewed and revised the SLFRF policies and procedures, and memoranda as needed to ensure the required federal award identification information and retention process information is available to community college districts. The SLFRF policies were revised by August 30, 2024. The updated policies are posted on the Chancellor's Office website. The Chancellor's Office issued updated guidance to communicate the revised SLFRF policies and procedures in September 2024. The Chancellor's Office also sent an email to all subrecipients that indicated the last date to disburse funds to students. The guidance memo was sent to subrecipients as well as posted on the Chancellor's Office website. The Chancellor's Office's Contracted District Audit Manual includes an audit procedure to monitor expenditures and compliance with SLFRF requirements. The Chancellor's Office followed up on audit findings related to SLFRF to ensure compliance.

The Chancellor's Office coordinated with the Department of Finance's Federal Funds Accountability and Cost Tracking Unit (FFACT) to revise the funding source of the ineligible expenditures related to the identified district. Additionally, the Chancellor's Office worked with the identified district to ensure the SLFRF funds awarded to ineligible students will be adjusted in its accounting records to the proper funding source by October 30, 2024. The Chancellor's Office engaged another identified district to ascertain the eligibility of students to receive SLFRF funds. In cases where students are deemed ineligible, collaborative efforts between the Chancellor's Office, the identified district, and FFACT were initiated to amend the funding source accordingly by October 30, 2024. The Chancellor's Office has also updated internal policies and procedures to verify the accuracy of expenditures reported by districts and followed up with districts when discrepancies were identified.

Lastly, the Chancellor's Office revised the SLFRF policies to allow colleges to request documentation to verify student eligibility for an award if the college has confirmed evidence of conflicting information or if the college has reason to believe that the student's self-

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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certification is fraudulent. This was communicated to subrecipients in the SLFRF policies and procedures document and posted on the Chancellor's Office website.

Reference Number:	**2023-008**
Assistance Listing Number:	93.323
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Procurement and Suspension and Debarment. Due to the program personnel's lack of awareness of the suspension and debarment requirements, ten out of the ten vendor contract agreements reviewed did not include a suspension and debarment certification clause indicating the contractor was not suspended or debarred from participation in federally funded contracts. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering the covered transactions. Based on the subsequent review of the System for Award Management (SAM) exclusions, these contractors were not suspended or debarred. Public Health should review and strengthen its procedures for verifying the suspension and debarment status of vendors before entering into any agreement involving federal funds and ensure that the verification documentation is maintained. Alternatively, incorporate a clause in vendor contracts requiring vendors to certify their suspension or debarment status.
Status of Corrective Action:	Partially Corrected. Public Health is reviewing existing procedures for verifying the suspension and debarment status of vendors before entering into any agreements involving federal funds and will strengthen procedures as required.

Reference Number:	**2023-009**
Assistance Listing Number:	93.323
State Administering Department:	California Department of Public Health (Public Health)

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Audit Finding:

Subrecipient Monitoring. Public Health did not establish a formal risk assessment process over its subrecipients of federal awards by which to determine the frequency and extent of subrecipient monitoring to be performed.

While Public Health received reimbursement invoices from subrecipients, there did not appear to be other financial or programmatic monitoring to verify subrecipients complied with applicable requirements. In addition, Public Health did not obtain supporting documentation for any expenditures invoiced by the subrecipients. Follow-up monitoring for subrecipients with no single audit reports did not appear to be performed. On-site monitoring visits were not completed. Public Health was unable to provide evidence that suspension and debarment status of subrecipients was checked prior to entering into subaward.

Public Health used a Department Allocation Letter (DAL) for the COVID-19 program instead of an agreement or contract for the subaward to subrecipients. Certain required information for the subaward federal award information such as Assistance Listings number and Title and Federal Award Identification Number (FAIN) were not clearly identified in the DAL.

Public Health should establish and document formal procedures for conducting risk assessments of subrecipient funding, including criteria for evaluating organizational capacity, financial stability, compliance history, and programmatic capabilities. Public Health should also develop and implement procedures outlining the process of obtaining single audit reports from subrecipients. Furthermore, a monitoring mechanism should be implemented to track compliance with the single audit mandate among subrecipients, including regular follow-ups and documentation of communication efforts.
Public Health should ensure every subaward includes all requirements imposed on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award.

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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Status of Corrective Action:	Fully Corrected. Public Health established formal procedures for conducting risk assessments of subrecipients. The process evaluates each subrecipient's organizational capacity, financial stability, compliance history, and programmatic capability. Public Health categorizes each subrecipient by risk level before issuing any subaward and uses the results to determine the required level of monitoring. Public Health implemented procedures to collect and review single audit reports from subrecipients that meet the federal threshold. Public Health established a centralized tracking system to ensure timely collection, review, and follow-up for any audit findings noted. Subrecipients without an audit report are subject to enhanced monitoring procedures. Public Health developed and implemented a monitoring protocol to ensure continuous oversight of subrecipient compliance with federal requirements. The protocol includes periodic desk reviews, follow-up communications, and documentation of monitoring outcomes. The Center for Preparedness and Response standardized all emergency funding sub-award agreements to include federally required award information such as the ALN, title, federal awarding agency, and FAIN. All subawards clearly outline all federal requirements imposed on subrecipients to ensure proper use of the funds in accordance with applicable statutes, regulations, and award terms.

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YEAR ENDED JUNE 30, 2024

Reference Number:	**2023-010**
Assistance Listing Number:	93.575
State Administering Department:	California Department of Social Services (CDSS)
Audit Finding:	Reporting. Due to employee turnover and position responsibilities not clearly identified, CDSS did not submit its Federal Funding Accountability and Transparency Act (FFATA) reports timely for the fiscal years ended June 30, 2023, and 2022. CDSS should compile a report tracking process and identify all fiscal and compliance reports to be submitted with clear position responsibilities and workflow to ensure reports include accurate information and are timely prepared. CDSS should have a centralized tracking mechanism and assign and document a responsible position instead of a responsible individual person, which will reduce the risk of reports not being filed if turnover occurs.
Status of Corrective Action:	Fully Corrected. CDSS's Federal Reporting Section (FRS) has broken down the report into smaller, manageable tasks within individual deadlines which help to avoid last-minute rushes and ensure steady progress. FRS utilizes Microsoft Teams as a project management tool to track deadlines, monitor progress, and send reminders to keep everyone on track. FRS conducts regular check-ins to discuss progress, address any challenges early, and adjust the plan as needed to prevent delays. Additionally, FRS has created a standardized template to save time and allow the team to work efficiently. Staff are now completing their individual reports ahead of time, which gives ample room for review and revisions to ensure the FFATA report is prepared accurately and timely.

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Reference Number:	**2023-011**
Assistance Listing Number:	93.575 93.596
State Administering Department:	California Department of Social Services (CDSS)
Audit Finding:	Reporting. For the fiscal year ended June 30, 2023, $2,183,002,451 was reported on the Schedule for the Childcare and Development Fund (CCDF) Cluster; however, CDSS is unable to reconcile the ACF-696 reports (Financial Reporting Form for the Child Care and Development Fund State & Territory Lead Agencies) submitted to the amount reported on the Schedule. The Schedule is $53,163,387 greater than the cumulative quarterly reports which totaled $2,129,839,064 for the fiscal year ended June 30, 2023. The expenditures tracked and recorded by CDSS and CDE are reported together on the ACF-696 quarterly reports. CDSS, the department responsible for filing the reports for the fiscal year ended June 30, 2023, cannot identify the expenditures at the department level and therefore is unable to reconcile the discrepancy. CDSS should review its procedures for capturing and reporting quarterly information in the ACF-696 reports to ensure the information is complete and accurate and maintain documentation supporting the amounts reported. Furthermore, CDSS should perform a year-end reconciliation of the ACF-696 reports to the amount reported in the Schedule.
Status of Corrective Action:	Fully Corrected. CDSS maintains comprehensive documentation supporting all expenditures, including the schedule of expenditures of federal awards report. Furthermore, CDSS has strengthened internal checks and improved communication with all involved parties to mitigate the risk of issues arising in future reconciliations. CDSS is still unable to validate or provide commentary on the data or information reported by the CDE for Federal Fiscal Year 2020 and 2021 grants.

Reference Number:	**2023-012**
Assistance Listing Number:	93.575 93.596
State Administering Department:	California Department of Social Services (CDSS)

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Audit Finding:

Subrecipient Monitoring. Based on the testing of selected 60 subrecipient contracts (14 local educational agency (LEA) contracts and 46 non-LEA contracts) from 50 subrecipient entities and compliance with subrecipient monitoring requirements, the following were noted:

LEAs

- Three LEA contracts/contractors had no records for the receipt of a corrective action plan or notification of resolution for findings identified in monitoring reports.
- One LEA contract/contractor did not have the quarterly fiscal reports available for review for the quarter selected for testing.

Non-LEAs

- Five non-LEA contracts/contractors had no records available to demonstrate risk assessment of the contractor.
- Four non-LEA contracts/contractors had no record of on-site monitoring over five years.
- Seven non-LEA contracts/contractors had no records for the receipt of the corrective action plan or notification of resolution for findings identified in monitoring reports.
- Five non-LEA contracts/contractors did not have the quarterly fiscal reports available for review for the quarters selected for testing.

The monitoring of the contractors' single audit reports and follow-up on noted findings continued to be a shared responsibility between CDSS and CDE during fiscal year 2022-23. The transition of audit report monitoring responsibilities over LEAs receiving CCDF Cluster program funds is still in process and not yet centralized with CDSS. Furthermore, subrecipients continue to report the pass-through entity as CDE and not CDSS. Questioned costs were $175,631,433 of $332,931,906 sampled contract expenditures for fiscal year ended June 30, 2023.

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To enhance the effectiveness of the annual risk assessment process, a thorough evaluation that focuses on the identification and inclusion of all subrecipients, and defined risk criteria as mandated in 2 CFR 200.332 is recommended. Furthermore, it is crucial to establish and document a transparent basis for risk profiling that directly correlates such profiles with compliance monitoring activities across fiscal, program, and single audit requirements.

Furthermore, CDSS should perform a comprehensive post-transition review to ensure all monitoring responsibilities transferred from CDE have been fully identified and assigned. This review should validate robust mechanisms are in place for accurate documentation and proper retention of records.

Status of Corrective Action:

Partially Corrected. CDSS's Program Quality Improvement Branch (PQIB) has resolved the risk assessment application finding. Risk assessment criteria is applied and documented for all agencies annually.
Documentation of the applied risk assessment is in the caseload spreadsheet. The Continuous Improvement Plan (CIP) process was implemented in fiscal
year 2024-25. The updated procedures have been applied for tracking. The process ensures reports are received for all programs requiring follow-up from outstanding findings identified during contract monitoring. The fiscal year 2025-26 will be the first full year of implementation of this practice and the PQIB will conduct internal monitoring to ensure procedures are followed. A spreadsheet tracks all areas of the monitoring tool that require follow-up.

Additionally, CDSS is actively working to fully adopt a process for audit report monitoring responsibilities of LEAs and certain non-LEAs receiving CCDF Cluster program funds by December 31, 2025. This process will apply to monitoring the fiscal year 2024-25 audit reports and will include notifying contractors and certified public accountant (CPA) firms that CDSS must be reported as the pass-through entity for the CCDF cluster on the schedule of expenditures of federal awards in single audit reports. When CDSS's audit monitoring discovers CDE as the pass-through entity on the schedule of expenditures of federal awards, CDSS will directly request the CPA to revise the Schedule.

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Reference Number:	**2023-013**
Assistance Listing Number:	93.575
State Administering Department:	California Department of Social Services (CDSS)
Audit Finding:	Special Tests and Provisions – Child Care Provider Eligibility for American Rescue Plan Act Stabilization Funds. CDSS uses a third-party service provider to administer payments to child care contractors and assist with the coordination and collection of certain information required to be eligible to receive state and federal child care funding. The third-party service provider is considered a fiduciary and not a subrecipient, thus CDSS is responsible for monitoring eligibility compliance related to the American Rescue Plan Act (ARPA) Stabilization funding. Of the 25 samples we selected for testing eligibility criteria related to the ARPA Stabilization fundings, 22 contractors were determined eligible by the third-party service provider; however, CDSS did not monitor that the third-party service provider appropriately discharged its duties and correctly determined that recipients were eligible. The questioned costs were $232,082,456. CDSS should review its contract with the third-party service provider and identify compliance requirements delegated to the provider and develop a monitoring program to ensure the third-party service provider is accurately fulfilling its responsibilities in determining compliance of contractors.
Status of Corrective Action:	Audit Finding Does Not Warrant Further Action. CDSS disagrees with the finding. California's subsidized child care system is locally operated. CDSS relies on hundreds of local county offices and nonprofit agencies to administer child care and development programs at the local level, rather than having the State pay subsidized providers directly. As a result, CDSS required Alternative Payment Programs, direct-service contractors that administer Family Child Care Home Education Networks, and fiscal partners to track survey completion as a prerequisite for awarding ARPA subgrants. This local infrastructure and the size of California's subsidized child care and development system separate California from other states. As a result, CDSS worked very closely with the federal grantor, the Administration for Children and

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	Families, to ensure that the ARPA survey methodology met federal monitoring requirements and tracked data elements required by the federal government. For this reason, CDSS believes it has fulfilled its responsibility and does not need to further establish a monitoring program.
Reference Number:	**2023-014**
Assistance Listing Number:	93.575
State Administering Department:	California Department of Social Services (CDSS)
Audit Finding:	Special Tests and Provisions – Health and Safety Requirements. CDSS has not established health and safety monitoring procedures to ensure licensed-exempt providers serving children who receive subsidies comply with all applicable health and safety requirements. Accordingly, no monitoring procedures were performed on licensed-exempt providers during the fiscal year ended June 30, 2023. CDSS should complete its development and implementation of a monitoring process over the health and safety standards and develop a mechanism to identify and track all contracts requiring health and safety compliance monitoring.
Status of Corrective Action:	Remains Uncorrected. CDSS's Child Care and Development Division is working towards compliance with federal requirements for license-exempt health and safety monitoring with an anticipated completion date of July 1, 2027, assuming additional resources are secured. This plan has been outlined in Appendix A of the Federal Fiscal Year 2025-27 State Plan for California with Administration of Children and Families (State Plan). The State Plan can be provided upon request.
Reference Number:	**2023-015**
Assistance Listing Number:	93.767
State Administering Department:	California Department of Health Care Services (Health Care Services)

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Audit Finding:	Activities Allowed or Unallowed. Eighteen of 56 contractor counties of Short-Doyle funding were tested and seventeen had not submitted their cost reports by the December 31 due date. Five of the seventeen contractor counties have not submitted their cost reports for fiscal year 2021-22 (more than 12 months late) and thirteen of the seventeen contractor counties have subsequently submitted their cost reports for fiscal year 2021-22. Although the Mental Health Division of Health Care Services did take the required action of notifying the eighteen contractor counties in writing within 30 days of noncompliance, it has not taken any additional action necessary to ensure contract and performance compliance. The cost reports are the basis for the allocation of payments made to contractor counties providing mental health services to eligible beneficiaries and serve to provide the Mental Health Division with fiscal oversight for contract and performance compliance. Health Care Services should develop and follow policies and procedures to take additional action for significantly late annual cost reports. These policies and procedures should include imposing sanctions, including, but not limited to, fines, penalties, the withholding of payments, probationary or corrective actions, or any other actions deemed necessary to promptly ensure contract and performance compliance.

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Status of Corrective Action:

Fully Corrected. Health Care Services implemented a process to impose payment withholds for significantly late cost reports, which addresses the California State Auditor's recommendation. As of March 11, 2025, Health Care Services issued 54 Notices of Delinquency.

- Two notices for fiscal year 2015-16
- Four notices for fiscal year 2016-17
- One notice for fiscal year 2017-18
- One notice for fiscal year 2018-19
- Four notices for fiscal year 2019-20
- Six notices for fiscal year 2020-21
- Fourteen notices for fiscal year 2021-22
- Twenty-two notices for FY 2022-23

As of April 18, 2025, 25 delinquent cost reports have been submitted and Health Care Services has issued Notices of Intent to Impose Temporary Withhold of Funds to 11 contracted counties of Short-Doyle funding (Butte, Inyo, Kern, Mendocino, Napa, Sacramento, San Joaquin, Santa Cruz, Stanislaus, Tehama, and Yolo) for multiple fiscal years for failing to submit cost reports within 30 calendar days after the receipt date of the Notices of Delinquency. As of June 24, 2025, only 1 of 18 counties (Sacramento) tested for fiscal year 2021-22 audit had not submitted a cost report. If a county does not submit a cost report within 30 calendar days after the Notice of Intent to Impose Temporary Withhold of Funds, with an option to meet and confer, the county will be put on Final Notice of Intent to Impose Temporary Withhold of Funds, with an option to appeal. Discretion will be used to determine the appropriate percentage of any withholds pursued. If the county has not submitted its cost report, funds will be withheld.

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Reference Number:	**2023-016**
Assistance Listing Number:	93.778
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Special Tests and Provisions – Provider Health and Safety Standards. There was no evidence of surveyor signature or supervisor review and approval on Form CMS-1539 for all 40 surveys of providers tested. Public Health should update its processes and controls in place to ensure timely review and approval of Form CMS-1539, including for situations when staff are on leave and/or have left the department.
Status of Corrective Action:	Fully Corrected. Public Health updated its internal processes to ensure timely review and approval of Form CMS-1539. These updates include clear procedures for handling approvals during staff absences or vacancies. Public Health also conducted outreach and training to inform internal stakeholders of the revised procedures and implemented data verification steps to support compliance.

Reference Number:	**2023-017**
Assistance Listing Number:	93.917
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Eligibility. All applications must be reviewed internally by AIDS Drug Assistance Program (ADAP) staff via an electronic secondary review process to confirm eligibility; however, one of sixty applications was not reviewed by ADAP staff. The ADAP Branch should continue to monitor compliance with its policies to ensure secondary reviews of ADAP applications follow the established guidelines.
Status of Corrective Action:	Fully Corrected. Public Health's Office of AIDS (OA) introduced and fully implemented an internal Secondary Review (SR) process for all ADAP applications in

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March 2018. This SR process enables ADAP staff to verify that contracted and certified enrollment workers across California are consistently adhering to eligibility and documentation requirements.

From March 2020 through much of 2023, ADAP experienced significant workforce shortages due to staff redirection during the COVID-19 state of emergency.
These staffing challenges led to a backlog in SR processing, including delays in reviewing a client's application. The client's eligibility lapsed after 130 days before OA could conduct an SR.

As of March 2024, the Eligibility Operations Section, responsible for conducting SR, is fully staffed and has successfully addressed the backlog. SR processing has returned to normal operations and is current. OA will continue to monitor compliance with its internal SR process to ensure secondary reviews of ADAP applications are conducted in accordance with established guidelines.

Reference Number:	**2023-018**
Assistance Listing Number:	93.959
State Administering Department:	California Department of Health Care Services (Health Care Services)
Audit Finding:	Activities Allowed or Unallowed. During the testing of 60 employee timesheets, Health Care Services did not have documentation of the approval for time charged to the Prevention and Treatment of Substance Abuse (SAPT) program for one of the samples tested. DHCS should adhere to its processes and controls in place to ensure all timesheets are reviewed and approved by a manager or supervisor.

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Status of Corrective Action:	Fully Corrected. Health Care Services recently implemented and instructed all staff on an improved leave management and timesheet submission process, effective November 20, 2024, beginning with the December 2024 pay period. The change addresses the recommendations from the California State Auditor by streamlining the submission, review, and storage of employee timesheets, ensuring efficient and transparent management of time-related data across Health Care Services. Furthermore, the new process ensures a manager or supervisor reviews and approves all timesheets before submission.

Reference Number:	**2023-019**
Assistance Listing Number:	96.001
State Administering Department:	California Department of Social Services (CDSS)
Audit Finding:	Allowable Costs/Cost Principles. The documentation for one of forty samples selected for testing did not agree to the payment disbursed to a provider for medical evidence of record (MER) services. The provider was overpaid by $5. Questioned costs are projected to be $54,398. CDSS should strengthen its controls over the review for accuracy of the provider invoice amounts input into the Modernized Integrated Disability Adjudicative System (MIDAS).
Status of Corrective Action:	Fully Corrected. CDSS' Disability Determination Services Division (DDSD) implemented an internal quality control process to monitor and review additional invoice samples from branches after they have been processed and reviewed by branch Program Technicians and branch Auditors. Additionally, the DDSD Central Support Services Branch implemented a secondary audit process and created a new Auditor role to routinely sample additional Medical Evidence of Record and Consultative Examination contracts. The CDSS' DDSD also transitioned from the MIDAS to the Disability Case Processing System, which provides more sophisticated fiscal controls.

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Reference Number:	**2022-001**
State Administering Department:	California Employment Development Department (EDD)
Audit Finding:	Material Weakness and Material Instance of Noncompliance. Due to the unprecedented impacts from the COVID-19 pandemic, EDD was unable to timely report to the Department of Finance through the Single Audit Expenditures Reporting Database (Database) with accurate and reliable federal cash basis expenditures for its largest federal award program that it administers, the Unemployment Insurance (ALN 17.225) program. The delay resulted in Finance being unable to compile and produce a complete and final approved Schedule until December 2023. Although an initial estimated expenditure amount of $27.0 billion was reported by EDD, the final amount reported in the Schedule was $23.3 billion. EDD should continue to evaluate existing processes and controls related to its ability to properly report, and timely submit complete and accurate federal award cash basis expenditures to the Database, which affords Finance the ability to timely compile and produce a final Schedule pursuant to the Uniform Guidance.
Status of Corrective Action:	Partially Corrected. The finding was repeated in fiscal year 2022-23. Refer to Finding 2023-001.

Reference Number:	**2022-002**
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Material Weakness and Material Instance of Noncompliance. Public Health was a subrecipient of federal funds provided by their bona fide agent, Heluna Health, during the fiscal year ended June 30, 2022. Initially, the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program funds were not identified and recognized as federal expenditures until January 2023. During its compilation of federal award expenditures for reporting in the California Department of Finance's Database, Public Health did not properly analyze and capture all relevant financial transactions related to the ELC program. Public Health understated federal expenditures and overstated amounts passed

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	through to subrecipients for the ELC program (ALN 93.323). The error, which was subsequently corrected, is indicative of a lack of sufficient controls for ensuring completeness and accuracy prior to submission to Finance. Public Health should establish a more thorough internal review and communication process between ELC program administration and accounting personnel to ensure information submitted to Finance for compilation of the Schedule is complete and accurate.
Status of Corrective Action:	Fully Corrected. Public Health has developed a more thorough internal review and communication process, as recommended. On an annual basis, Accounting develops the schedule of expenditures report to better capture activities specific to the ELC Program (ALN 93.323). This report is now reviewed and validated for the accuracy and completeness of federal expenditures and the amount passed through to subrecipients before submitting the final data to Finance. Accounting has also conducted training for the development of the annual expenditure report.
Reference Number:	**2022-003**
Assistance Listing Number:	10.557
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Eligibility. During the fiscal year ended June 30, 2020, the Special Supplemental Food Program for Women, Infants and Children (WIC) nutrition program implemented phase 1 of a new management information system known as the Women, Infants, and Children Web Information System Exchange (WIC-WISE) in a two-phased approach to replace the WIC Management Information Systems (WIC-MIS). WIC-WISE is programmed such that updates to eligibility information overwrite existing data. As a result, key data and documentation to support the initial participant eligibility are removed during the recertification process. Public Health's WIC Division requested a correction to WIC-WISE to retain eligibility history in the "Cert History Report" when subsequent eligibility information is input. The correction had not been implemented, and the system defect still existed during the fiscal year ended June 30, 2022.

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	WIC-WISE system updates should be promptly implemented and tested to ensure that participant data and eligibility documentation are appropriately retained within the system.
Status of Corrective Action:	Partially Corrected. On August 24, 2023, new audit tables were implemented in WIC-WISE to ensure that participant eligibility data is no longer overwritten. Since that date, WIC-WISE has correctly retained new eligibility information as required. However, while reviewing the table updates, WIC identified two defects that affect the information shown in the certification history. These issues remain unresolved (correction #21266 and #23044). WIC originally planned to correct them in late 2024 or early 2025 (release 3.1). However, revised scheduling and competing system priorities delayed the fixes until May 2025 (release 3.2). During testing, testers discovered additional errors that prevented deployment in release 3.2. WIC has now deferred these items to a future release (release 3.4) scheduled for October 2025. Although corrections to the certification history report are still pending, the system continues to accurately capture and retain the underlying eligibility data. Public Health remains committed to completing the identified report corrections to ensure full data compliance.
Reference Number:	**2022-004**
Assistance Listing Number:	17.225
State Administering Department:	California Employment Development Department (EDD)

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Audit Finding:	Activities Allowed or Unallowed and Eligibility. During the fiscal year ended June 30, 2022, EDD continued its administration of the Pandemic Unemployment Assistance (PUA) program, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 relief in unemployment compensation. The PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. Claimants eligible for PUA benefits were paid additional benefits under the Federal Pandemic Unemployment Compensation program (FPUC). In EDD's administration of the PUA and FPUC programs, $3,559,865,590 in benefit payments were estimated to be ineligible payments and have not been reported in the Schedule. The estimate was made by the Unemployment Insurance Branch and was based on data parameters to identify claimants that received benefits that matched ineligible criteria for identity fraud or eligibility fraud for misrepresented information. Out of 138 PUA benefit payments tested, there were 27 benefit payments to claimants determined to be ineligible whose identity or employment was not sufficiently verified. EDD should continue to strengthen controls, such as database identification cross-matches, ID.me verification, partnerships with law enforcement and Thompson Reuters, and system enhancements to mitigate the potential of further employment benefit fraud. Such improvements in internal controls should improve EDD's ability to timely prevent and detect unemployment benefit fraud.
Status of Corrective Action:	Fully Corrected. This finding was repeated in fiscal year 2022-23. Refer to Finding 2023-005.

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Reference Number:	**2022-005**
Assistance Listing Number:	17.225
State Administering Department:	California Employment Development Department (EDD)
Audit Finding:	Activities Allowed or Unallowed and Eligibility. During the fiscal year ended June 30, 2020, EDD implemented the Pandemic Unemployment Assistance (PUA) program, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 relief in unemployment compensation. The PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. The amount of PUA payable to an unemployed or unemployed self-employed individual for a week of total unemployment shall be the weekly amount of compensation the individual would have been paid as regular compensation, as computed under the provisions of the applicable state law for a week of total unemployment. The weekly amount determination is calculated using the wages reported by the claimant. Upon receipt of a PUA claim, EDD would verify wages reported to ensure accurate weekly benefit amounts under PUA. Out of 138 PUA benefit payments tested, there were 67 claimants with verification issues (either wages, self-employment, or both).

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EDD should ensure that proper verification procedures are in place to minimize the number of claimants with wage and/or employment verification issues. Effective and robust verification procedures should assist EDD in processing unemployment benefits only to eligible claimants.

Status of Corrective Action: Fully Corrected. This finding was repeated in fiscal year 2022-23. Refer to Finding 2023-004.

Reference Number: **2022-006**

Assistance Listing Number: 17.225

State Administering Department: California Employment Development Department (EDD)

Audit Finding: Activities Allowed or Unallowed and Eligibility. In EDD's administration of the Unemployment Insurance program, $525,494,406 in benefit payments were estimated by EDD to be potentially ineligible payments and have not been reported in the Schedule. The estimate was based on data parameters to identify claimants who received benefits that matched ineligible criteria for identity or eligibility fraud due to misrepresented Information.

EDD's Unemployment Insurance Branch reviews unemployment insurance claims of claimants for involuntary separation to ensure separations were for valid reasons under the Unemployment Insurance Code. Out of 88 unemployment insurance benefit payments tested, there were 6 claimants receiving benefits, whose reasons for involuntary separation indicated separation reasons due to voluntary quitting without good cause and 6 claimants receiving benefits that made false statements regarding wages.

In addition to the Unemployment Insurance program, EDD continued its administration of the Pandemic Emergency Unemployment Compensation (PEUC) program for the fiscal year ended June 30, 2022. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19, the PEUC program eligibility was determined from individuals who have exhausted all rights to regular unemployment compensation (UC) under state or Federal law and have no rights to regular UC under any other state or Federal law. A claimant must have an eligible existing Unemployment Insurance program claim that has been exhausted prior to being

eligible for PEUC. Out of 50 PEUC benefit payments tested, 1 claimant received benefits, whose reason for

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	involuntary separation indicated separation reasons due to voluntary quitting without good cause, 1 claimant received benefits without completing weekly certifications, and 1 claimant was receiving full benefits while earning wages. EDD should enhance its adjudication process to support proper eligibility determinations and decrease improper payments to ineligible claimants.
Status of Corrective Action:	Fully Corrected. EDD resumed adjudicating all potential eligibility issues in January 2021 and completed the retroactive determination workload on April 30, 2023.
Reference Number:	**2022-007**
Assistance Listing Number:	21.027
State Administering Department:	California Department of Finance (Finance)
Audit Finding:	Activities Allowed or Unallowed. Finance included contributions by State employees to 457(b) and 401(k) deferred compensation plans in the calculation of base year revenues. The contributions from state employees are deposited directly with the third-party deferred compensation plan administrator and do not result in revenue reported by the state in its basic financial statements. Furthermore, the employee contributions do not represent revenues available to the State for the provision of government services and should have been excluded from the calculation of general revenue for the base year and preceding fiscal years establishing the average annual growth rate of general revenues. Finance should include a reconciliation between general revenues identified for inclusion in the revenue loss calculation and the state's basic financial statements to ensure that all revenue recorded in the identified general ledger revenue accounts are in compliance with the definition of general revenues as established by the U.S. Treasury in the Final Rule.

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Status of Corrective Action:	Fully Corrected. Due to unclear federal guidance provided at the time, Finance's original analysis and screening questions accounted for revenue codes that constituted revenues to the state from a budgetary perspective. Finance agrees that this oversight is a material weakness and has since adjusted its approach to the revenue loss calculation by excluding revenue codes that do not constitute revenues from an accounting perspective. Contributions by state employees to 457(b) to 401(k) deferred compensation plans were removed from the calculation along with other budgetary revenues generated from similar employee contributions to retirement plans. After this revision, the new total estimated revenue loss amount of $16.8 million was reported to the U.S. Treasury in Finance's Quarter 4 2023 Project and Expenditures State Fiscal Recovery Funds Report and included in the Budget Act of 2024 when it was introduced on January 9, 2024.

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Reference Number:	**2022-008**
Assistance Listing Number:	93.767 93.778
State Administering Department:	California Department of Health Care Services (Health Care Services)
Audit Finding:	Activities Allowed or Unallowed. Fifteen of 56 contractor counties of Short-Doyle funding were tested and 10 had not submitted their cost reports by the December 31 due date. Three of the 10 contractor counties had not submitted their cost reports for 2020-21 (more than 12 months late) and 7 of the 10 contractor counties have subsequently submitted their cost reports for 2020-21. Although the Mental Health Division of Health Care Services took the required action of notifying the 10 contractor counties in writing within 30 days of the noncompliance, it has not taken any additional action necessary to ensure contract and performance compliance. The cost reports are the basis for the allocation of payments made to contractor counties providing mental health services to eligible beneficiaries and serve to provide the Mental Health Division with fiscal oversight for contract and performance compliance. Health Care Services should develop and follow policies and procedures to take additional action for significantly late annual cost reports. These policies and procedures should include imposing sanctions, including, but not limited to, fines, penalties, the withholding of payments, probationary or corrective actions, or any other actions deemed necessary to promptly ensure contract and performance compliance.
Status of Corrective Action:	Fully Corrected. This finding was repeated in fiscal year 2022-23. Refer to Finding 2023-015.

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Reference Number:	**2022-009**
Assistance Listing Number:	93.959
State Administering Department:	California Department of Health Care Services (Health Care Services)
Audit Finding:	Activities Allowed or Unallowed. Expenditures related to payroll costs charged to the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program for fiscal year 2021-22 totaled $11,606,958. During the testing of 40 employee timesheets, 19 of the 40 employees did not prepare and submit timesheets as required by Health Care Services internal control procedures. Health Care Services should adhere to its processes and controls in place to ensure all required employees submit a timesheet.
Status of Corrective Action:	Fully Corrected. The following steps will be completed each month for the Behavioral Health Administrative Support (BHAS) Team to ensure all Behavioral Health programs collect and submit timesheets to the Health Care Services' Human Resources (HR) Division. Specifically, a central digital location is established to store the employees' timesheets. The assigned Personnel Liaison for each program will provide the most current employee master file to the assigned Attendance Coordinator (AC) monthly by the tenth of each month. The AC will use the employee master file as a checklist to ensure all current staff have submitted a timesheet to be entered into the leave accounting system by the fifth working day of the following month. Once all staff timekeeping is entered into the leave accounting system and submitted to HR, the AC will save the documents in the centralized location, using the employee master file as a coversheet, and confirm all documents have been collected. Furthermore, the current policies and procedures to ensure the allowability and allocability of costs on Substance Abuse Mental Health Services Administration (SAMHSA) block grants are outlined in the Substance Use Block Grant (SUBG) policy manual.

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Reference Number:	**2022-010**
Assistance Listing Number:	93.917
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Eligibility. Our sample of 60 participants from a population of 25,749 participants who received benefits during the fiscal year identified 10 participants who did not submit all required documentation, including proof of HIV/AIDS diagnosis, proof of residency, and income documentation to verify their annual Modified Adjusted Gross Income (MAGI) did not exceed 500 percent Federal Poverty Level based on household size and income. The AIDS Drug Assistance Program (ADAP) Branch should continue to monitor compliance with its policies to ensure enrollment workers and secondary reviews of ADAP applications follow the established guidelines and retain acceptable documentation to support eligibility determinations. Applications that have been granted an eligibility exception (i.e., Temporary Access Period, Medi-Cal Eligibility Exception Request, or Eligibility Exception Request) should be reviewed in a timely manner to ensure clients who do not provide the required documentation within the approved extension period are disenrolled in a timely manner.
Status of Corrective Action:	Fully Corrected. In April 2022, the Office of AIDS (OA) developed and implemented additional internal quality assurance (QA) processes to ensure that secondary reviews of ADAP applications consistently enforce the existing guidelines by retaining acceptable supporting documentation to support eligibility requirements. Prior to this audit period, and through December 2021, ADAP had issued multiple policy memos to respond to the COVID-19 pandemic, which enabled staff and enrollment workers to defer documentation collection, when necessary, to remain flexible and ensure clients impacted by the pandemic, and associated site closures, did not lose eligibility and access to life-saving medications and comprehensive healthcare. These flexibilities in Public Health's guidelines were implemented based on guidance received from Public Health's federal funder, Health Resources and Services Administration, which encouraged ADAPs to reassess their eligibility and recertification policies and

STATE OF CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

procedures and remove any barriers that may impede social distancing or other public health strategies, necessary to minimize COVID-19 transmission.

OA terminated the documentation deferral on December 31, 2021, and full documentation requirements have been enforced since
January 1, 2022. This includes applications that are granted an eligibility exception (i.e., Temporary Access Period, Medi-Cal Eligibility Exception Request, or Eligibility Exception Request). Clients who fail to provide the required documentation within the approved extension period are now disenrolled in a timely manner in accordance with the guidelines established. OA's ongoing efforts will further ensure compliance and mitigate future findings in ADAP applications.

Reference Number:	**2022-011**
Assistance Listing Number:	93.323
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Subrecipient Monitoring. Public Health did not establish a formal risk assessment process over its subrecipients of federal awards to determine the frequency and extent of subrecipient monitoring to be performed. While Public Health received reimbursement invoices from subrecipients, there did not appear to be other financial or programmatic monitoring to verify subrecipient's compliance with applicable requirements. In addition, Public Health did not obtain Single Audit reports from those subrecipients as required. Public Health should establish and document formal procedures for conducting risk assessments of its subrecipients, including criteria for evaluating organizational capacity, financial stability, compliance history, and programmatic capabilities. Public Health should also develop and implement specific subrecipient monitoring procedures and establish a process for obtaining Single Audit reports from its subrecipients. Furthermore, a monitoring mechanism should be implemented to track compliance with the single audit mandate among subrecipients, including regular follow-ups and documentation of communication efforts.

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Status of Corrective Action:	Fully Corrected. This finding was repeated in fiscal year 2022-23. Refer to Finding 2023-009.
Reference Number:	**2022-012**
Assistance Listing Number:	93.778
State Administering Department:	California Department of Public Health (Public Health)
Audit Finding:	Special Tests and Provision-Provider Health and Safety Standards. There was no evidence of surveyor signature or supervisor review and approval on Form CMS-1539 for all 40 surveys of providers tested. Nonadherence to internal controls over the review and approval process of the Form CMS-1539 can result in the risk of statewide noncompliance as providers may not meet the prescribed health and safety standards.
Status of Corrective Action:	Fully Corrected. This finding was repeated in fiscal year 2022-23. Refer to Finding 2023-016.

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SUMMARY SCHEDULE OF 2021 PRIOR AUDIT FINDINGS

Reference Number:	**2021-007**[1]
Assistance Listing Number:	21.019
State Administering Department:	California Business, Consumer Services, and Housing Agency (BCSH) and California Department of Housing & Community Development (HCD) California Department of Education (CDE) California Department of Social Services (CDSS)
Audit Finding:	Subrecipient Monitoring. For 2 of 60 subawards tested, the State did not communicate required subaward information to its subrecipients of the Coronavirus Relief Fund (CRF) program at the time of the subaward, or when the State became aware of changes in subaward information, including identification that the subaward funds represented federal funding. Also, for 4 of 60 direct costs tested, the transactions were subsequently determined to be subawards, for which the required subaward information was not properly communicated to the subrecipients. The 4 direct costs transactions were from BCSH; 1 of the subawards was from CDE; and 1 of the subawards was from Social Services. The state administering departments identified above should review all subawards provided which were funded using CRF program funds, provide the subrecipients with subaward information required by 2 CFR 200.332(a), and determine whether the subrecipients properly reported CRF subawards and related expenditures in their respective Schedule pursuant to 2 CFR 200.502. If federal subawards were not reported, the state administering departments should perform appropriate follow-up monitoring procedures.

[1] Although this finding was not repeated in fiscal year 2021-22, HCD provided a status update on this finding on June 23, 2025.

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Status of Corrective Action:	BCSH/HCD – Partially Corrected. The California Interagency Council on Homelessness (Cal ICH) within BCSH will conduct mandatory desk reviews of the CRF subawards to verify that subrecipients properly reported their CRF awards and related expenditures pursuant to 2 CRF 200.502. Additionally, Cal ICH has developed an improved communication system between the leadership and program staff to ensure changes are clearly communicated. This will also ensure Cal ICH's subrecipients are notified in a timely manner upon any changes in subaward information, such as identifying if subaward funds represent federal funding so that expenditures are spent in accordance with federal statutes, regulations, and the terms and conditions of federal awards. This process has been completed. As of July 1, 2024, the program was transitioned from BCSH to HCD and, therefore, this finding will be addressed by HCD. As part of the transition, numerous protocols to increase grantee transparency and accountability have been instituted. These protocols include enhanced annual report requirements, which are due each April reporting on all activity through the prior calendar year, a desk audit review process, public posting of grantee-reported fiscal data and program outcomes, enhanced technical assistance support to grantees who are behind on compliance or outcomes, and as needed, processes to revoke funds or other consequences. The first round of annual report collection and desk reviews took place under its stewardship in April 2025 through June 2025, and HCD is in process of evaluating grantee responses, following up with non-responsive grantees, and evaluating if any corrective actions are needed. CDE – Fully Corrected. Refer to the State of California Single Audit Report for fiscal year ended June 30, 2022. CDSS - Fully Corrected. Refer to the State of California Single Audit Report for fiscal year ended June 30, 2022.

Reference Number:	**2021-010[2]**
Assistance Listing Number:	93.767
State Administering Department:	California Department of Health Care Services (Health Care Services)

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Audit Finding:	Eligibility. Out of 40 Children's Health Insurance Program (CHIP) beneficiaries tested, there was one beneficiary where the transaction sent to terminate eligibility failed and eligibility continued in error, and one instance where the beneficiary remained in a transitional aid code for an extended period. Through subawards, Health Care Services has delegated performance of eligibility determinations to California county welfare agencies that collect and record this information in their respective eligibility systems (collectively known as the Statewide Automated Welfare System [SAWS]) and the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS), which transmit eligibility data to the Health Care Services' Medi-Cal Eligibility Data System (MEDS). Health Care Services then pays: (1) managed care plans monthly to provide eligible services for beneficiaries (Managed Care); (2) medical providers for services provided directly to beneficiaries (Fee for Service), and (3) the U.S. Centers for Medicare and Medicaid Services (CMS) for Medicare premiums (Premiums). Health Care Services should continue with the quality control process used to monitor all MEDS alerts to ensure that the system has a process of identifying and alerting caseworkers to the review of beneficiaries that may be still receiving benefits when deemed ineligible. Health Care Services should continue its efforts to utilize focus reviews to assess counties' risk of delays in renewal activities. Health Care Services should ensure there are controls in place to ensure all beneficiaries have the proper supporting documentation to be eligible

[2] Although this finding was not repeated in fiscal year 2021-22, Health Care Services provided a status update on this finding on June 24, 2025.

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Status of Corrective Action:	Fully Corrected. Health Care Services will gradually restart oversight activities and implement enhanced monitoring practices using a phased approach. During phase one, counties were notified of the hold harmless policy, active throughout the public health emergency, which ended on June 1, 2024. In October 2024, Health Care Services began phase two by releasing an All County Welfare Director's Letter (ACWDL), which updates Health Care Services' policy on performance standards associated with MEDS alerts. In preparation for phase two, Health Care Services released ACWDL 23-14 (https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/23-14.pdf) to notify the counties of the MEDS alerts subject to review. Health Care Services implemented phase three in November 2024 with the resumption of most of the oversight activities including MEDS alerts monitoring and focused reviews. Health Care Services has implemented all referenced corrective actions. The findings have been closed out by Centers of Medicare & Medicaid Services (CMS) on November 21, 2024.

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SUMMARY SCHEDULE OF 2020 PRIOR AUDIT FINDINGS

Reference Number:	**2020-008**[3]
Assistance Listing Number:	93.767 93.778
State Administering Department:	California Department of Health Care Services (Health Care Services)
Audit Finding:	Eligibility. Out of 160 Medi-Cal beneficiaries and Children's Health Insurance Program (CHIP) beneficiaries tested, there were 17 beneficiaries with instances in which redeterminations had not been performed within a year. Additionally, in 2018, reports from the U.S. Department of Health and Human Services, Office of Inspector General, and California State Auditor highlighted payments made to ineligible and potentially ineligible beneficiaries. Health Care Services should continue looking for ways to enhance the functionality of the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) for application and eligibility redetermination for those individuals who are eligible on a modified adjusted gross income basis and to increase the use of automation features to reduce workload for eligibility caseworkers. In addition, Health Care Services should continue its practice of conducting regular focus reviews on county welfare agencies to identify factors contributing to the delays and errors in the redetermination process such as misinterpretations of policies, systems issues, business practices, etc., and work with county welfare agencies to provide appropriate training and/or creating corrective action plans.

[3] The 2020-21 Single Audit indicated Report Finding Reference Number 2020-008 was partially corrected but was not included in the 2021-22 Single Audit Report. Due to the COVID-19 public health emergency, CMS provided an exemption to redeterminations which expired March 2023. Health Care Services provided a status update on this finding on June 20, 2025.

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Health Care Services should continue with the quality control process used to monitor all critical and urgent level Health Care Services' Medi-Cal Eligibility Data System (MEDS) alerts to quickly identify county welfare agencies that are not resolving MEDS alerts in a timely manner. Health Care Services should continue its efforts to incorporate into the MEDS alert functionality the ability to alert county welfare agencies when eligibility redeterminations are required or overdue. Health Care

Services should then work directly with those county welfare agencies that are not performing eligibility redeterminations in a timely manner and who may not be correctly verifying eligibility through training and site visits to implement policies and procedures to improve their compliance status.

Status of Corrective Action:

Fully Corrected. Health Care Services reinstated county performance standards statewide, requiring counties to process at least 90 percent of all high-priority MEDS alerts within the timeframes outlined in California WIC section 14154(d)(3) and quickly identify counties not in compliance with the MEDS processing times.

Effective June 2024, Health Care Services transitioned from county self-certification to a data-driven approach, allowing for prompt identification of counties not meeting the required MEDS Alerts processing times. In September 2024, Health Care Services collaborated with the County Welfare Director's Association, the California Statewide Welfare Automated System, and county health and human services agencies to develop ACWDL 24-17 detailing the new county performance standards policy, how Health Care Services will monitor compliance, confirm suspected non-compliance, the actions taken when a county fails to process MEDS alerts on time, and the financial penalties for not meeting the standards which were published on November 26, 2024.

Health Care Services issued ACWDL 23-14E, which provides counties with a prioritized hierarchy of MEDS Alerts subject to the MEDS county performance standards on October 23, 2024. The finding has been closed out by the U.S. Centers for Medicare and
Medicaid Services (CMS) on November 21, 2024.

STATE OF CALIFORNIA
DEPARTMENT OF FINANCE RESPONSE LETTER
YEAR ENDED JUNE 30, 2024

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

Gavin Newsom ▪ Governor
1021 O Street, Suite 3110 ▪ Sacramento CA 95814 ▪ www.dof.ca.gov

December 8, 2025

CliftonLarsonAllen LLP
915 Highland Pointe Drive, Suite 300
Roseville, CA 95678

Thank you for the opportunity to respond to the federal compliance audit report for the fiscal year ended June 30, 2024. This report was the result of your examination of the State of California's administration of federal programs and will be included in the Single Audit Report for this period. California is committed to ensuring all its state entities implement effective accounting, reporting, and operational practices. State entities with findings and recommendations provided responses directly to CliftonLarsonAllen LLP (CLA), and CLA compiled the attached responses. Finance will remind state entities of their responsibility for implementing corrective actions.

Finance appreciates CLA's efforts in completing California's Single Audit. If you have any questions concerning this letter, please contact Cheryl L. McCormick, Chief, Office of State Audits and Evaluations, at (916) 322-2985.

Sincerely,

JOE STEPHENSHAW
Director Attachment

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STATE OF CALIFORNIA
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024

Reference Number 2024—001:

The FY2023-24 reporting has been corrected in the Single Audit Database. CDSS incorporated this process change in the FY 2024-25 SEFA procedures. CDSS strengthened internal controls after the prior audit finding to ensure each notice is reviewed in detail to identify any specific terms, conditions, or language that may require the award to be treated differently from others of a similar nature. Additionally, to ensure a thorough understanding of grants, we are also taking steps to locate and review the most current terms and conditions, which are often not included with the initial award documentation, by coordinating with Program staff and requesting that they notify Accounting whenever any changes to a grant are made

Estimated Implementation Date: Implemented in October 2025.

Contact: Daniel During, Federal Reporting Section Chief, Accounting and Fiscal Systems Branch, Finance and Accounting Division, California Department of Social Services

Reference Number 2024—002

Cal OES agrees with CLA's recommendation. Cal OES Grants Management which oversees Crime Victim Assistance funds has revised its existing FFATA reporting procedures and has taken several actions to strengthen internal controls and ensure staff are fully trained to maintain compliance with all FFATA reporting requirements.

In March of 2025, Cal OES Grants Management centralized FFATA reporting responsibilities and are currently under the purview of the Grants Management Support (GMS) Unit. Cal OES Grants Management also implemented the Grants Centralized System (GCS) which automates the grant application process and assists in generating required FFATA data effective Fiscal Year 2024-2025.

In addition, in March of 2025, the Cal OES GMS Unit was provided a comprehensive FFATA training course to ensure staff understand the federal reporting requirements and provided the updated FFATA Reporting Guide Standard Operating Procedure (SOP) (attachment #1). The FFATA Reporting Guide SOP outlines steps for collecting subrecipient data, preparing reports, and submitting reports within the required time frames. Furthermore, FFATA reporting is now performed by Cal OES GMS Unit analysts and is reviewed and approved by their respective unit leads and manager to verify accuracy and complete reporting.

Estimated Implementation Date: Implemented

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YEAR ENDED JUNE 30, 2024

Contact:

- Negin Sabbaghian, Chief, Grants Processing Division, Compliance Processing Section, Grants Management, California Governor's Office of Emergency Services

Reference Number 2024—003

Recognizing that the finding does not include any questioned costs, EDD agrees with the recommendation as it relates to the need for a formal reconciliation process between the U.S. DOL (DOL) ETA Financial Report, form ETA-9130 (ETA-9130) and the general ledger. EDD will take steps to formally document the process, including roles and responsibilities, a more regular reconciliation schedule and a plan to resolve variances with documented approvals. Also, as recommended, updates will be made to financial reporting procedures and staff that are part of this process will receive training.

Estimated Implementation Date: June 2026

Contact: Diane Underwood, Division Chief, Unemployment Insurance Branch, California Employment Development Department

Reference Number 2024—004

The EDD has policies, procedures, and training in place instructing employees to include applicable penalty amounts when establishing overpayments in the database. When the overpayment for the sample in question was established, the employee did not follow the proper procedure to include the penalty. EDD accepts this oversight and is committed to reviewing its applicable policies and procedures to ensure they are clear, and the penalty requirements are emphasized.

Regarding internal controls, EDD leverages a process known as the Field Office Basic Evaluation System (FOBES). This process includes a standardized form that is utilized by leadership to evaluate the quality of their employees' work on a variety of processes, including overpayment processing. EDD continues to review and modernize the existing assessment form and FOBES process to ensure effectiveness and consistency while evaluating employee compliance with policies and procedures

Estimated Implementation Date: Currently Implemented

Contact: Diane Underwood, Division Chief, Unemployment Insurance Branch, California Employment Development Department

Reference Number 2024—005:

The HQ Budgets OFR will update FPFT guidance and development documentation to include specific references to a new required secondary data validation for the more complex funding scenarios. A set of core FPFT standard templates will be modified to include an automated requirement for secondary data validation for any project that includes complex funding scenarios, including cooperative agreements, multiple funding priorities, multiple federal program codes, multiple state funding programs, and funding earmarks. Calculated data cells for federal reimbursement ratios will be added, as well as an automated check for the total sum of funding line percentages to ensure any rounding errors are eliminated. Consistent training will be provided for key HQ Budgets OFR staff on a regular

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basis, including live sessions for practical FPFT case reviews and FPFT development during monthly team meetings.

Estimated Implementation Date:

- Updated FPFT guidance documentation: 11/25/2025
- Updated FPFT template (automated secondary validation): 12/01/2025
- Monthly live training sessions (1st Thursday each month): 12/04/2025

Contact:

- Raul Lerma, Chief, Program and Project Management Branch, Office of Federal Resources, HQ Division of Budgets
- Keith Duncan, Division Chief, HQ Division of Budgets

Reference Number 2024—006:

On November 25, 2025, it was brought to the attention of DLA that significantly more Assistance Listing Numbers (ALNs) have been created to correlate to specific programs awarded by FHWA. While the Caltrans Division of Local Assistance does not have the capacity to electronically identify the ALNs, the Caltrans Office of Federal Resources (OFR) owns the database that DLA uses to process federal requests for authorizations.

By January 31, 2026, DLA and OFR will meet with FHWA to determine how they may transmit the ALN into Caltrans' database. By June 30, 2026, the DLA will determine how to upload the data into the program supplement agreement or finance letter, which will be transmitted to subrecipients.

Estimated Implementation Date: 6/30/2026

Contact: Dee Lam, Division of Local Assistance

Reference Number 2024—007:

State Water Resources Control Board (SWRCB)

SWRCB Program Manager acknowledges and understands the recommendation. During the December 2023 period, the SWRCB Program Manager held a meeting with staff and reviewed the information prior to approving the information being inputted into the CDOF Portal. Information being submitted to the CDOF Portal aligns with the FI$Cal KK Report per the direction of CDOF. For information provided by the SWRCB for the CDOF Quarterly Reporting, the SWRCB started formally documenting the approval of information starting the quarter after the December 2023 period.
Corrective action plan: SWRCB Program Manager has implemented a process for the recommendation provided. As of the quarter following December 2023 period, a formal process that documents the information and approval of that information for CDOF portal updates is being used. The information submitted to the CDOF Portal aligns with the FI$Cal KK Report per the direction of CDOF.

Estimated Implementation Date: March 2024

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MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024

Contact: Selica Potter, Staff Services Manager II

California Department of Technology (CDT)

The CDT Financial Management unit will establish a formal procedure for the review and approval of financial data that is to be entered into the State Fiscal Recovery Fund (SFRF) portal. The procedure will detail the review, approval, and retention process for obligations and expenditures to be reported through the SFRF portal, and will include the identification of roles and responsibilities to ensure that expenditures are reviewed and validated for their accuracy. Additionally, the procedure will include instructions for maintaining supporting and approved documentation.

Estimated Implementation Date: 11/24/2025

Contact: Tammy Parkison, Chief Financial Officer

Reference Number 2024—008

CDPH is reviewing its existing procedures for verifying the suspension and debarment status of vendors prior to entering into any agreements involving federal funds. CDPH will enhance these procedures as necessary to ensure full compliance.

Estimated Implementation Date: March 2026

Contact: Melissa Relles, Assistant Deputy Director, Center for Preparedness and Response

Reference Number 2024—009

In response to the previous audit finding, CDPH submitted the required risk assessment as of January 2025, along with supporting documentation. Moving forward, CDPH will establish formal procedures to ensure that all required federal award information – such as the Assistance Listings Number, Title, and FAIN – is clearly identified in all agreements with subrecipients.

Estimated Implementation Date: March 2026

Contact: Melissa Relles, Assistant Deputy Director, Center for Preparedness and Response

Reference Number 2024—010:

Effective June 1, 2024, DHCS reinstated county performance standards and reintroduced Focused Reviews. As outlined in All County Welfare Directors Letter (ACWDL) 24-17—Enhancing County Medi-Cal Eligibility Performance. DHCS has resumed monitoring county performance and timeliness standards. County performance standards measure the timeliness of county actions, while Focused Reviews evaluate both timeliness and accuracy of county determinations related to Medi-Cal applications, redeterminations, and Medi-Cal Eligibility Data System (MEDS) Alert processing. All counties will participate in a Focused Review on a biennial, rotating basis. Additionally, DHCS resumed the Aid Code Cleanup effort in September 2025, as outlined in MEDIL I 25-19. The purpose of the aid code cleanup effort is to assist counties in identifying records that require eligibility re-evaluation to

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YEAR ENDED JUNE 30, 2024

either transition individuals to the correct Medi-Cal aid code or appropriately discontinue coverage. Through these initiatives, DHCS can identify and address eligibility concerns, such as processing timeliness and proper aid code usage.

Estimated Implementation Date: Fully Implemented

Contact:

- Sarah Crow, Medi-Cal Eligibility Division, Division Chief
- Harold Higgins, Medi-Cal Eligibility Division, Branch Chief
- Amy Halim, Medi-Cal Eligibility Division, Section Chief

Reference Number 2024—011:

Effective June 1, 2024, DHCS reinstated county performance standards and reintroduced Focused Reviews. As outlined in All County Welfare Directors Letter (ACWDL) 24-17—Enhancing County Medi-Cal Eligibility Performance, DHCS will resume monitoring county performance and timeliness standards. County performance standards measure the timeliness of county actions, while Focused Reviews evaluate both timeliness and accuracy of county determinations related to Medi-Cal applications, redeterminations, and Medi-Cal Eligibility Data System (MEDS) Alert processing. All counties will participate in a Focused Review on a biennial, rotating basis. Through the reinstatement of county performance standards and Focused Reviews, DHCS can identify and address eligibility concerns, such as the proper use of aid codes, and work with counties through the corrective action plan process to address staff training to ensure correct eligibility determinations for all Medi-Cal programs, including pregnancy programs.

Estimated Implementation Date: Fully Implemented

Contact:

- Sarah Crow, Medi-Cal Eligibility Division, Division Chief
- Harold Higgins, Medi-Cal Eligibility Division, Branch Chief
- Amy Halim, Medi-Cal Eligibility Division, Section Chief

Reference Number 2024—012:

CHCQ will address the audit findings by increasing outreach to local District Office management and by providing ongoing oversight to frontline staff. CHCQ will emphasize the importance of completing CMS 1539 forms with proper documentation and signatures for all recertification surveys, including surveys conducted by Accrediting Organizations. CHCQ has already taken steps by reiterating this requirement at a recent statewide management meeting. CHCQ will continue reminding staff of expectations at appropriate meetings and provide additional training as needed to ensure all offices follow consistent procedures when completing the required CMS 1539 forms. Headquarters management will provide oversight and conduct periodic audits to ensure staff complete and sign all CMS 1539 forms according to expectations.

Estimated Implementation Date: Fiscal Year 2025-26

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Contact: Nate Gilmore, State Surveyors Branch Chief, CHCQ

Reference Number 2024—013:

The corrective action has already been implemented. This includes CDA hiring an employee in April 2024 to fulfill the FFATA duties, and CDA has now been able to keep current on FFATA reporting. The staff member has created FFATA procedures and caught up on the late FFATA reporting.

Estimated Implementation Date: Currently implemented.

Contact: Kim Elliot, Chief Budget Officer, California Department of Aging

Reference Number 2024—014:

To ensure timely reporting, the Federal Reporting Section (FRS) has ensured that all staff understand the final deadline and all key milestones along the way. The FRS has broken down the report into smaller, manageable tasks within individual deadlines which help avoid last-minute rushes and ensure steady progress. The FRS conducts regular check-ins to discuss progress, address any challenges early, and adjust the plan as needed to prevent delays.

Estimated Implementation Date: Implemented in November 2024.

Contact: Daniel During, Federal Reporting Section Chief, Accounting and Fiscal Systems Branch, Finance and Accounting Division, California Department of Social Services

Reference Number 2024—015:

The difference in reporting deadlines between the ACF-696 and SEFA reports will consistently result in a known discrepancy. To address this, as of September 2025, CDSS started conducting year-end reconciliations between the two reports to validate and confirm these discrepancies.

Estimated Implementation Date: March 2026

Contact: Daniel During, Federal Reporting Section Chief, Accounting and Fiscal Systems Branch, Finance and Accounting Division, California Department of Social Services

Reference Number 2024—016:

The Child Care and Development Division is working towards compliance with federal requirements for license-exempt health and safety monitoring with an anticipated completion date of July 1, 2029, assuming additional resources are secured. This plan has been outlined in Appendix A of the Federal Fiscal Year 2025-27 State Plan for California with Administration of Children and Families (State Plan). The State Plan can be provided upon request.

Estimated Implementation Date: July 1, 2029

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Contact: Jeff Fowler, Child Care Administration Bureau Chief, Central Operations Branch, Child Care and Development Division, California Department of Social Services

Reference Number 2024—017

The Program Quality Improvement Branch (PQIB) has resolved the risk assessment application finding. Risk assessment criteria is applied and documented on all agencies annually. Documentation of the applied risk assessment is in the caseload spreadsheet. The Continuous Improvement Plan (CIP) process was implemented in FY 24-25. The updated procedures have been applied for tracking. The process ensures reports are received for all programs requiring

follow-up from outstanding findings identified during Contract Monitoring. FY 25-26 will be the first full year of implementation of this practice and the PQIB will conduct internal monitoring to ensure procedures are followed. A spreadsheet tracks all areas of the monitoring tool that require follow up.

Additionally, the CDSS has fully adopted a process for audit report monitoring responsibilities of Local Education Agencies (LEA) and certain non-LEAs receiving Child Care and Development Fund (CCDF) Cluster program funds. This process applies to monitoring of FY24-25 audit reports and includes notifying contractors and certified public accountant (CPA) firms that the CDSS must be reported as the pass-through entity for the CCDF cluster on the Schedule of Expenditures of Federal Awards (SEFA) in single audit reports. When the CDSS audit monitoring discovers the CDE as the pass-through entity on SEFA, the CDSS will directly request the CPA to revise the SEFA.

Estimated Implementation Date: Fully Corrected.

Contact: Jeff Fowler, Child Care Administration Bureau Chief, Central Operations Branch, Child Care and Development Division, California Department of Social Services

Reference Number 2024—018:

- In collaboration with the Watershed Restoration Grants Branch (WRGB), the Budget Branch, Federal Assistance Section (FAS) will revise the Subrecipient Risk Assessment (DFW 870) to capture all elements required by 2 CFR §200.332, including identifying which subrecipients are subject to Single Audit requirements, obtaining and reviewing their audit reports on an annual basis, documenting verification of compliance, and ensuring timely follow-up on any corrective actions related to audit findings, as well as identifying the Assistance Listing Number and whether the award is Research and Development.

- In collaboration with WRGB, FAS will create a new form to document the annual follow-up, the Subrecipient Risk Assessment (DFW 870A) to capture all elements required by 2 CFR §200.332, obtaining and reviewing their audit reports on an annual basis, documenting verification of compliance, and ensuring timely follow-up on any corrective actions related to audit findings, as well as identifying the Assistance Listing Number and whether the award is Research and Development.

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- FAS will establish an annual process to issue a Budget Branch memorandum to Department staff notifying them of the requirements of the DFW 870 and the DFW 870A, along with the requirements to complete the applicable forms in order for FAS to approve the use of federal funds to fund the subrecipient agreements.

Estimated Implementation Date: March 31, 2026

Contact:

- Nicole Nelson, Branch Chief, Budget Branch
- Matt Wells, Branch Chief, Watershed Restoration Grants Branch

Reference Number 2024—019:

California Department of Fish and Wildlife

- The Accounting Services Branch (ASB) will document the process by updating the respective desk procedures to clearly direct staff to only approve vouchers with dates consistent with the Project ID start and end date as identified on the FI$Cal Crosswalk.

- Ensure new staff within ASB are trained on the desk procedures before they begin approving vouchers in FI$Cal.

Estimated Implementation Date: March 31, 2026

Contact: Jing Lin, Branch Chief, Accounting Services Branch

California Department of Transportation

The Division of Research, Innovation and System Information staff have developed the following corrective actions in response to the audit finding:

TEC Charging Guidance and Training

To ensure research project Contract Managers properly code a Travel Expense Claim (TEC), the following guidance and training actions will be implemented.

- The Division's Contract Manager Handbook and Training documentation will be updated to provide staff with guidance ensuring that TEC charging information aligns with the fiscal year (FY) in which the travel expenses occurred.

- DRISI Contract Managers and their first- and second-line supervisors will be trained on the change and will receive the annual reminder. A record of attendance of training will be maintained.

- New hires will receive TEC charging practices training within 30 days of their start date.

STATE OF CALIFORNIA
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024

Annual TEC Coding Reminder

To ensure TECs are coded accurately to the correct Federal Project Number, an annual email reminder will be sent to DRISI staff beginning in the month of May for coding/charging TECs.

- The reminder will instruct staff to code and charge TECs to the fiscal year and federal project number in which the expense was incurred.
- A list of tasks and project IDs will be attached to the email to minimize errors and ensure consistency.

In addition, the program will send a reminder to the TEC/Accounting Office to:

- Charge and post TECs and non-encumbered Operating Expense (OE) charges to the fiscal year in which they were incurred.
- This process will help avoid audit findings related to charges being posted to the incorrect fiscal year or federal award number.

Estimated Implementation Date: March 31, 2026

Contact: Chad Baker, Acting Chief, Division of Research, Innovation and System Information

Reference Number 2024—020:

The Cal OES Recovery Financial Administration Branch (FAB), which oversees Public Assistance funds, has revised its existing FFATA reporting procedures and has taken several actions to strengthen internal controls, resolve discrepancies among reporting systems, and ensure staff are fully trained to maintain compliance with all FFATA reporting requirements.

In March of 2025, the Cal OES FAB developed the FAB FFATA SOP (attachment #2) for FFATA reporting which outlines steps for collecting subrecipient data, preparing reports, and submitting reports within the required time frames.

In addition, the Cal OES FAB enhanced their existing FFATA reporting procedures using Salesforce to provide accurate data reports for federally funded grant projects. These reports are then used to ensure accurate reporting and timely updates to existing FFATA records.

Furthermore, in July of 2025, Cal OES FAB was provided a comprehensive FFATA training course to ensure staff understand the process and reporting requirements for FFATA. The Recovery FAB analysts are responsible for submitting FFATA reporting and ensuring that all required fields are completed accurately. FFATA reporting is performed by Cal OES FAB analysts and is reviewed and approved by their respective peer reviewers and manager to verify accuracy and complete reporting.

Estimated Implementation Date: Implemented

Contact: Heidi Palchik, Chief, Recovery Financial Administration Branch, Interagency Recovery Coordination Section Recovery, California Governor's Office of Emergency Services